



Ronald McDonald
House Charities
Annual Report 2006



The mission of Ronald McDonald House Charities, Inc. (RMHC) is to create, find and support programs that directly improve the health and well being of children. RMHC fulfills its mission by creating innovative, effective programs that address targeted needs, and by supporting these programs and other activities conducted by its local Chapters worldwide. RMHC also awards grants to other nonprofit children's organizations that positively impact the health and well being of children around the world.

Cover Photo: Jacob, 2, shares his smile and terrific energy at the Ronald McDonald House in Madison, Wisconsin, where his mom volunteers each week.

Letter from the Chair

Dear Friends:

In my 16 years with RMHC, both as a trustee and now Board chair, I've had the privilege to meet countless people who have been helped by Ronald McDonald House Charities.

And as a long-time McDonald's Owner/Operator, I have been involved with RMHC in my local community for decades. I *know* we are making a difference. I've seen it firsthand when visiting a Ronald McDonald House, where people share their stories and offer their gratitude to RMHC for keeping their family together during such a stressful time. I've seen it in the faces of families relaxing for a few moments in a Ronald McDonald Family Room, while their children are being cared for just down the hall in the ICU. I've seen it in the pride of children leaving the Ronald McDonald Care Mobile, relieved of dental pain and with bright new smiles. I've met U.S. high school graduates who are able to attend college because of an RMHC scholarship, and I've held toddlers who received urgently needed medical and dental care that was provided through RMHC grants. RMHC is a powerful resource that helps people on a daily basis, right where they live.

During the past year as RMHC Board chair, I've focused on building and strengthening our relationships with key stakeholders. We're telling our story in new ways, to new people. We're gaining new support and creative solutions to some of the world's most urgent problems facing children. Moving forward, we will maintain our focus on very strategic expansion. Because we believe that our local RMHC Chapters know best what is needed in their communities, we will continue to support them in their grassroots work. We will have an even greater focus on outcomes measurement, to be sure we are stewarding our dollars wisely and achieving the intended impact. We will stay true to our mission, continue to dream bigger and do more.

In this past year, I've been so blessed to meet many of the truly incredible staff, volunteers, donors and other supporters who enable RMHC to fulfill its mission. What a remarkable gift we have been given, to do work that actually changes lives! I pledge my steadfast support as together we continue to improve the health and well-being of children and their families around the world.



Linda Dunham

Letter from the President

Dear Friends:

Recently, the manager of a Ronald McDonald Care Mobile program told me that the local dental society scoffed at the RMHC Chapter's ambition to serve more than 1,000 children each year. The dentists discouraged the Chapter—not because the need wasn't great, but because the need was *too* great. The children cared for through the program would be only a drop in the bucket of those children in the area who had no access to dental care. Now, four years later, that Ronald McDonald Care Mobile program has helped more than 5,000 children—5,000 drops that add up to a lot of buckets.

And that's what Ronald McDonald House Charities is all about. Identifying children's most urgent needs and creating or supporting programs that provide effective solutions—one child at a time. With the steady, strategic growth in the RMHC core programs in 2006, it all adds up to some mighty impressive numbers: The Ronald McDonald House, our cornerstone program, has benefited more than 10 million families. The Ronald McDonald Family Room, the fastest growing of our core programs, celebrated the opening of the 100th program in 2006. The Ronald McDonald Care Mobile added two new programs in 2006, and at year-end a state-of-the-art, 40-foot "clinic on wheels" was on a ship to El Salvador for that country's first Ronald McDonald Care Mobile program. Our U.S. scholarship program was expanded, and we are especially excited to have extended our reach to mainland China, where our newest RMHC Chapter and an RMHC grant are literally transforming the future of orphaned children.

In the pages of this annual report, you'll read about some of those individual drops in the bucket—the children and families RMHC has helped in the past year. Whether children in need live just down your street, in an isolated rural village or in an inner city halfway across the world—they are our reason for being. They are the reason that thousands of staff, volunteers and donors worldwide come together with energy and tenacity and deep passion and a single focus: to change one life for the better.



Marty Coyne

Global Reach

Ronald McDonald House Charities was founded on the fundamental belief that all children deserve to have strong bodies, strong minds and safe, nurturing places to grow. The Charity thinks globally and acts locally. Through our extensive network of local RMHC Chapters, our core programs and our global grantmaking program, we reach children in need in almost every area of the globe.

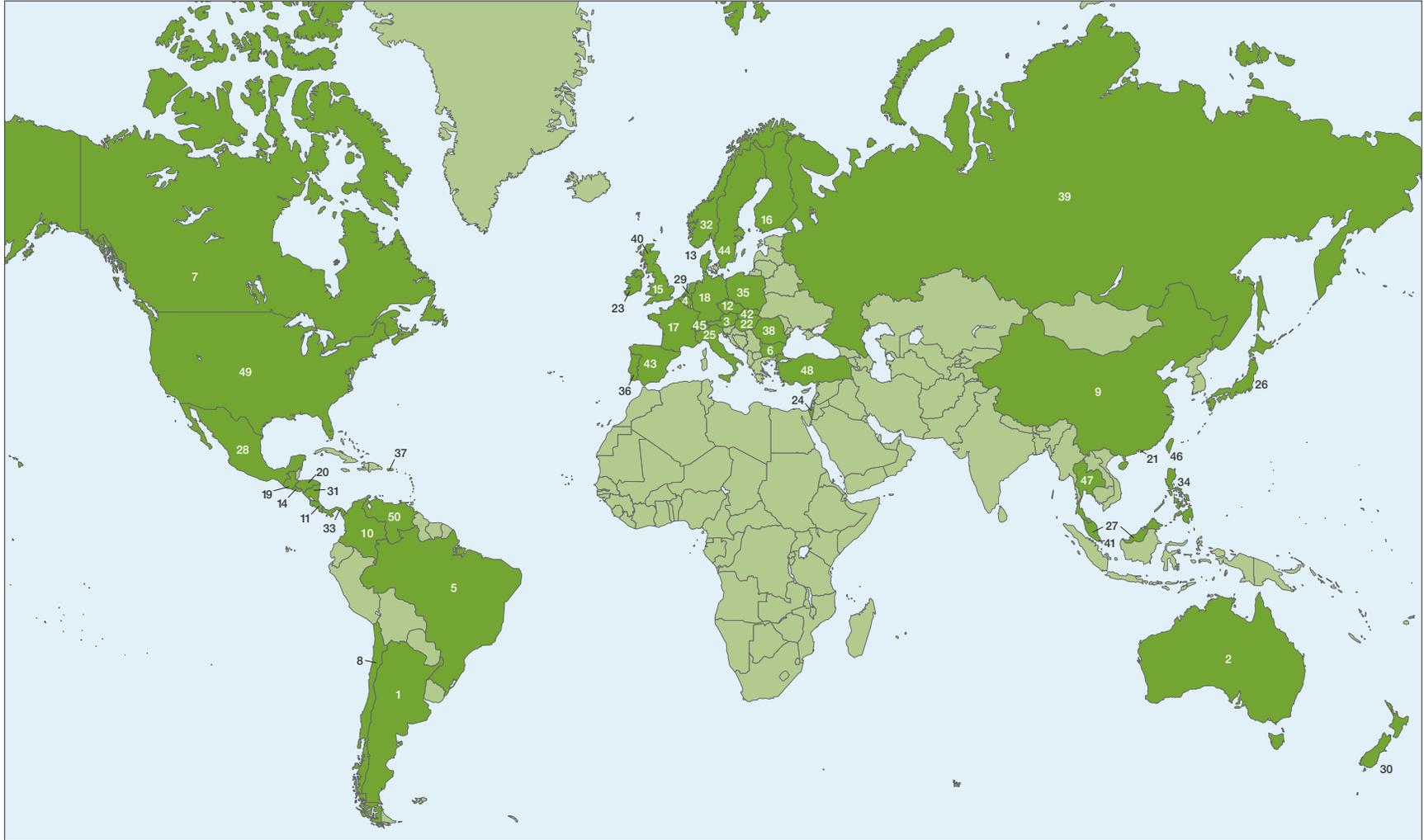
RMHC Chapters in 50 countries and regions worldwide act at the grassroots level to identify urgent needs and deliver creative, effective solutions in their communities. Our core programs—the Ronald McDonald House, Ronald McDonald Family Room and Ronald McDonald Care Mobile—have touched millions of children and families around the world. We further extend our reach through strategic partnerships with other nonprofit organizations that improve the lives of children. For example, RMHC grants help prevent HIV transmission in Africa, eradicate childhood blindness in developing countries and provide reconstructive plastic surgery for children with injuries or congenital deformities. We help feed hungry children, strengthen literacy skills and help children recover from the trauma of abuse, violence and neglect. To date, RMHC has awarded hundreds of millions of dollars in grants and program services supporting children worldwide.

In 2006, \$16 million, or 81 percent, of our program service expenditures went directly to local RMHC Chapters and their program-related activities. Our support for local Chapters includes the following:

- Seed grants, expansion grants, capital investment and ongoing support for the Ronald McDonald House, Ronald McDonald Family Room and Ronald McDonald Care Mobile programs
- Educational and training opportunities including worldwide Regional Conferences, Training and Development workshops and the RMHC Executive Training Program offered in partnership with the Kellogg School of Management at Northwestern University
- Nonprofit management and program development guidance
- Matching community-focused grants to local nonprofit children's organizations awarded by U.S. RMHC Chapters
- Development and ongoing support of RMHC scholarship programs for qualifying U.S. students to help further their education
- Communication vehicles and other tools and resources to support the worldwide network of local RMHC Chapters

RMHC is a careful steward of the public trust. Committed to transparency, fiscal responsibility and integrity, we are consistently rated as one of the world's most effective, cost-efficient charities.

In 2006, 81 percent of program service expenditures went to local RMHC Chapters.



- | | | | | | | | | | |
|-------------|-------------|-------------------|--------------|--------------|----------------|----------------|----------------|----------------|--------------|
| 1 Argentina | 6 Bulgaria | 11 Costa Rica | 16 Finland | 21 Hong Kong | 26 Japan | 31 Nicaragua | 36 Portugal | 41 Singapore | 46 Taiwan |
| 2 Australia | 7 Canada | 12 Czech Republic | 17 France | 22 Hungary | 27 Malaysia | 32 Norway | 37 Puerto Rico | 42 Slovakia | 47 Thailand |
| 3 Austria | 8 Chile | 13 Denmark | 18 Germany | 23 Ireland | 28 Mexico | 33 Panama | 38 Romania | 43 Spain | 48 Turkey |
| 4 Belgium | 9 China | 14 El Salvador | 19 Guatemala | 24 Israel | 29 Netherlands | 34 Philippines | 39 Russia | 44 Sweden | 49 USA |
| 5 Brazil | 10 Colombia | 15 England | 20 Honduras | 25 Italy | 30 New Zealand | 35 Poland | 40 Scotland | 45 Switzerland | 50 Venezuela |



Ronald McDonald House Programs



Families of seriously ill children can find
28 countries provided more than 6,000

Ronald McDonald House Program

Many families must travel far from home for medical care of a critically ill child. Located nearby or even within hospitals, Ronald McDonald Houses help keep families together when they need it most and ease their financial worries. A Ronald McDonald House is far more than a comfortable private bedroom and a home-cooked meal—it's about sharing joy and sorrow, courage and strength. It's the House built with love and filled with hope.

Some Houses now include special suites for families of immuno-suppressed children or those who must stay for an extended period. Many Houses provide accredited education programs and a myriad of other programs, such as music and pet therapy, recreational activities and non-clinical support services.

Since the first House opened in 1974, millions of families have found a temporary "home away from home." The Ronald McDonald House program showed steady growth in 2006, with five new Houses and expansions of more than one-third of existing Houses. By year's end, 262 Ronald McDonald Houses in 28 countries provided more than 6,000 rooms each night. Each House is supported by the care and commitment of staff, volunteers, donors and local communities.

THE COMFORTS OF HOME

When her son Luke was diagnosed with cancer, Leanne, a mother in Australia, faced every parent's nightmare. But staying at the Ronald McDonald House in Westmead, Australia, kept her family together, she says. "In the eight months we spent there, the staff and volunteers took us under their wing and gave us the support we needed. They restored a sense of normalcy to our lives."

Luke kept up with his schoolwork with the help of a private tutor from RMHC Australia's Learning Program, and the entire family enjoyed a seaside getaway at the RMHC Australia's Ronald McDonald Family Retreat. When Luke had another brain surgery recently, he couldn't wait to visit the House on a day pass. He knew it was baking day, and the House would smell just like grandma's kitchen. "In the last few months, we've had to return to the House often," Leanne says. "Every time we open that door, we are greeted with open arms. We feel secure and loved by these generous people who help us through."

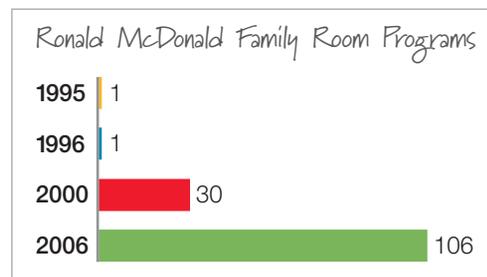
support, hope and comfort away from home at Ronald McDonald Houses. In 2006, 262 Houses in rooms each night.

Ronald McDonald Family Room Program

Amid the monitors and IVs, the sterile surroundings and frenetic pace of the hospital, a Ronald McDonald Family Room is a place of serenity and comfort. Typically located just steps away from the pediatric unit, Family Rooms offer families a chance to share a warm meal, talk with other parents and simply relax. Many Family Rooms include up to four guest sleeping rooms, laundry facilities, children's play areas and computer work stations. Here, families of children undergoing treatment can restore their own physical and emotional health so they can be better caregivers for their children.

The fastest growing of RMHC core programs, Ronald McDonald Family Rooms serve both local and out-of-town families at no charge. Eight new Family Rooms opened in 2006, with a total of 106 Family Rooms in 10 countries, each supported by generous volunteers, donors and the local community.

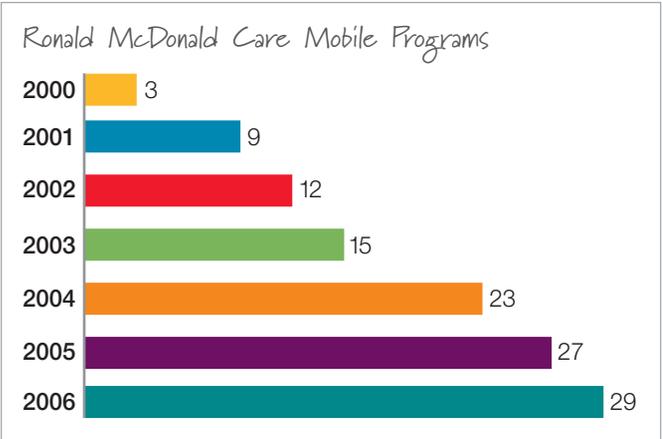
Just a heartbeat away from their child, a family can relax, share a warm meal and receive emotional support in a Ronald McDonald Family Room.



PEACE OF MIND

Eight-year-old Harry's excruciating headaches, nosebleeds and vomiting led to a lengthy stay at Frenchay Hospital in Bristol, England. "The hospital environment is frightening when you feel so helpless and vulnerable," says Alison, his mother. "The Ronald McDonald Family Room just off the children's ward was invaluable in providing peace of mind. I could remain close to Harry, but have a decent meal or enjoy a bubble bath at the end of the day. And the emotional support gained from the volunteers and other families meant so much at a time when I felt most terrified, inadequate and desperate."





Ronald McDonald Care Mobile programs travel to urban and rural areas to provide medical and dental care to underserved children, reaching more than 2.2 million people in 2006.

Ronald McDonald Care Mobile Program

Children without access to preventive and primary care are at risk for acute illness and dental problems, chronic disease, missed school days, and serious life-long health problems. Since 2000, the Ronald McDonald Care Mobile program has been a bridge to medical and dental care for these vulnerable children. Staffed by local pediatric healthcare professionals, these state-of-the-art “clinics on wheels” deliver high-quality, cost-effective care right to the neighborhoods of underserved children from disadvantaged urban areas to remote mountain villages and Native American reservations.

Services are tailored to community needs and include primary and specialty pediatric care, immunizations and physicals, diagnosis and treatment of chronic disease such as asthma and diabetes, preventive and restorative dental care, nutrition counseling, blood collection and health education.

Two new Ronald McDonald Care Mobile programs began operation in 2006, with many more under development. Through the dedicated support of donors, volunteers and local communities, the 29 Ronald McDonald Care Mobiles reached more than 2.2 million people in 2006 with medical, dental and health education services.



HELPING CHILDREN WHO NEED IT MOST

When a young boy broke his tooth during recess, the school nurse took him straight to the Ronald McDonald Care Mobile. Fortunately, the program was working at the boy's school, located at a remote farm worker camp in Florida. The Ronald McDonald Care Mobile dentist worked her magic, and the boy returned to his classroom grinning ear to ear so his classmates could admire his newly restored smile.

RMHC of Southwest Florida launched the Ronald McDonald Care Mobile program in 2004, through a relationship with Collier Health Services, Inc. (CHSI), a not-for-profit healthcare provider. Medical care, dental services and health education are provided on site, directly to children in need. The program also connects children with a medical and dental home and links eligible families with health insurance and other vital resources.

In addition, the Ronald McDonald Care Mobile program strengthens the area's healthcare infrastructure: Ronald McDonald Care Mobile program outcomes data enabled CHSI to obtain funding for an additional fixed-site clinic to serve disadvantaged children and justified creation of a pedodontic residency program in partnership with the University of Florida.

U.S. RMHC National Scholarship Program

As part of our ongoing commitment to educating youth, RMHC provides scholarships to eligible graduating high school seniors from communities who face limited access to educational and career opportunities. Matching scholarships awarded by its local U.S. Chapters, RMHC augments funds available in the community. Since the first scholarship program began in 1985, RMHC and its local Chapters have awarded \$25.5 million to help high school students attend college. More than 1,700 scholarships were awarded in 2006, totaling more than \$1.3 million.

Scholarships are open to students of all ethnic backgrounds who demonstrate academic achievement, financial need and community involvement. In 2006, these scholarship programs included RMHC/ASIA, RMHC/African American Future Achievers, RMHC/Hispanic American Commitment to Educational Resources and RMHC Scholars.

With the help of the U.S. RMHC National Scholarship Program, students of all ethnic of receiving a college education. More than 1,700 scholarships were awarded in 2006,

VALUING EDUCATION

Elizabeth Lemus, a freshman at Baylor University in Waco, Texas, is the first person in her family to attend college. "It means a lot to my parents," she says. Majoring in electrical and computer engineering, Elizabeth already is planning for graduate school. She used her RMHC scholarship, awarded by RMHC of Temple, Texas, to purchase her textbooks.

Elizabeth was a member of her high school's Leadership Academy and the National Honor Society. And, like other RMHC scholarship recipients, she is an active member of her community. As an influential volunteer in her hometown of Killeen, Texas, Elizabeth tutors children, participates in food drives and took part in a program to collect donations to fill backpacks with school supplies for children displaced by Hurricane Katrina.

*backgrounds have achieved their dream
totaling more than \$1.3 million.*





The global force of RMHC volunteers share their time, talent, hearts and hands.



Volunteer Tribute

For more than two years, a dozen women gathered every week in a small sewing shop in Caguas, Puerto Rico. Experienced hands guided the novices, and together they designed and stitched dozens of colorful quilts and baby blankets to comfort families staying at the Ronald McDonald House in San Juan, Puerto Rico.

Whether bringing a dog for a pet therapy visit in Canada, tutoring a sick child in Turkey, organizing fundraising events in Sweden, offering a manicure and massage to the exhausted mother of a hospitalized child in Russia, or preparing meals for families in Tennessee, the global force of RMHC volunteers—some 30,000 strong—understands that sometimes simply caring is the most powerful medicine.



RMHC Global Grants

Through grants to other nonprofit organizations, RMHC extends its reach to help children around the world.

RMHC goes beyond its core programs to improve the health and well-being of children around the world. Through our global grantmaking program, we enhance the capacity of other nonprofit organizations serving children.

SOS MIDDLE SCHOOL PROGRAM



Suicide is the third leading cause of death among young people aged 15 to 24 in the United States, according to the Centers for Disease Control and Prevention. In 2006, an RMHC global grant funded the Screening for Mental Health's SOS Middle School Suicide Prevention Program at schools across the United States. The evidence-based program includes a video, classroom games and newsletters, designed to teach students and parents how to identify and respond to symptoms of depression and suicidal thinking or behavior. This school-based, cost-effective program has been lauded by the U.S. Department of Health and Human Services for its proven effectiveness in reducing suicide attempts.

HALF THE SKY

Ongoing funding from RMHC will enable Half the Sky Foundation, an organization that provides nurturing care to orphaned children, to open 10 Half the Sky/Ronald McDonald Family Villages across China. The villages give the gift of a permanent home to abandoned or orphaned children who, because of disabilities, may not be adopted. In addition, RMHC funding supports preschools and children's centers for orphans with special needs.

FINDING THE JOY TO SING

Abandoned in infancy, TianYu had lived in an orphanage from the age of 16 months. She had no expectation of ever finding a family because of her spina bifida. But when RMHC support enabled Half the Sky to open its sixth Family Village in Tianjin, China in November 2006, TianYu, then 6 years old, joined her "forever family." Initially silent and sad, she astonished her teachers one day by beginning to sing. She now sings when she draws, when she dresses her dolls in silly outfits, when visitors come to her school and when she plays with her many friends. Although confined to a wheelchair, TianYu wiggles her body in time to the music exclaiming, "Look, I am dancing!" TianYu is now happy and secure, confident in the love of her family and gaining new skills daily at home and at school. "TianYu is our miracle," her new mother, RuiPing, says.



RMHC U.S. Matching Grants

Working with community partners, local RMHC Chapters across the United States identify and address critical needs right in their own neighborhoods. RMHC matches these grants to increase local resources.

NURSES FOR NEWBORNS FOUNDATION

Nurses for Newborns Foundation (NFNF) is a safety net for families most at risk for infant mortality, child abuse and neglect. In-home nursing visits provide health care, education and positive parenting skills.

When a new father of triplets was visiting his wife and babies at the hospital, the family's St. Louis home caught fire and they lost everything they owned. With the assistance of NFNF, the family received help even before they left the hospital. A grant from RMHC of Metro St. Louis, matched by RMHC, helped NFNF provide the family with cribs and other baby essentials, including plenty of diapers. NFNF even helped find the family a new home. Harriet, an NFNF nurse, visits the family frequently to ensure the children and their mother receive all the medical services they need.



With the help of a matching grant, a local RMHC Chapter and its community partners can address

THE FULTON OPERA HOUSE FOUNDATION YOUTHEATRE

Because of her many cognitive and emotional challenges, 17-year-old Janae has trouble making friends. But through her involvement with YOUTHEATRE in Lancaster, Pennsylvania, Janae has found her voice and a new self-confidence. The multi-ethnic ensemble is composed of marginalized youth, including former gang members, recovering drug addicts, teen parents, victims of abuse, migrant youth and those who are deaf, blind, autistic or face other challenges. Under professional guidance, they write, compose, sing and act in original dramatic works that reflect their own life experiences.

A grant from RMHC of Central Pennsylvania, matched by RMHC, enables YOUTHEATRE to stage productions and hire a sign language interpreter. "There is no other place where Janae is just one of the kids," her mother says. "The program gave her a sense of pride and the courage to advocate for herself. YOUTHEATRE has made a permanent, indelible impact in her life."

the specific needs of children in their area.



RMHC Global Highlights

AS OF DECEMBER 31, 2006

ASIA/PACIFIC/MIDDLE EAST

RMHC Chapters in Asia/Pacific/Middle East operate in 11 countries and regions, providing support to 22 Ronald McDonald House programs and 12 Ronald McDonald Family Room programs. Extensive grant-making activities serve the health and educational needs of children in the region.

The **Parkville Ronald McDonald House** in Melbourne, Australia renovated existing rooms and added 16 new bedrooms. The 37-bedroom House also has two family isolation units for the families who stay long-term while their children receive bone marrow or heart transplants. More than 283,000 nightly guests have been accommodated since the House opened in 1986.

Created in 1998, the Ronald McDonald Learning Program of **RMHC Australia** has become Australia's preeminent education program for children recovering from serious illness. Targeted to children in grades one through 12, the program develops an individual education plan, including one-on-one academic instruction and speech, physical and occupational therapy as needed. The Learning Program is now established in each state in the country and implemented within each of RMHC Australia's 12 Ronald McDonald Houses. The RMHC

Australia program has supported more than 1,000 children.

RMHC Taiwan created a Ronald McDonald Learning Program to help Puli Hospital fund examinations and provide language therapy for its delayed development program. The program benefits underserved children from aboriginal villages and children living in orphanages. The Chapter also supported education in the Chinese Children Home and Shelter Association, enabling preschool children to receive language therapy and improve their learning capability.

RMHC Chapters operate in Turkey and Israel, providing support to the region's four Ronald McDonald Family Room programs. The Chapters' grantmaking activities serve the health and educational needs of children throughout the region.

RMHC Turkey opened its second hospital-based classroom in Children's Hospital of Egean University in Izmir. The school is designed for students who are hospitalized longer than two months, or those who receive day treatment at the hospital and cannot attend traditional school. The classroom offers a play school for preschoolers and a standard school curriculum for those over age 6. The classrooms help

children keep up with their studies while they are receiving medical care.

EUROPE

The 23 European Chapters support 62 Ronald McDonald Houses, 36 Ronald McDonald Family Room programs and one Ronald McDonald Care Mobile program. The Chapters also provide grants to numerous other nonprofit children's organizations.

RMHC Netherlands opened new Ronald McDonald Houses, expanded existing Houses and added more Ronald McDonald Family Rooms and playrooms. The Dutch Chapter also is creating other unique projects to accommodate the ever-increasing needs of families and ill children.

RMHC Russia's Ronald McDonald Family Room program continued its ambitious growth. The Chapter's fifth Family Room program opened in the summer of 2006 in Orenburg Children's Hospital, and the Chapter's sixth Family Room opened in September in Cheboksary's Republic Children's Clinical Hospital. Both Ronald McDonald Family Rooms are expected to serve the families of about 250 children each year.

RMHC Italy provided a grant to renovate and expand Bibliomouse, a special

retreat within a hospital where sick children can immerse themselves in the magical world of books. Bibliomouse teachers and volunteers read stories, help children write and illustrate their own books, and engage children in games, music, theatre performances and multimedia experiences. These activities promote literacy and strengthen the supportive relationships between hospitalized children and their families.

UNITED STATES

The 131 RMHC Chapters in the United States operate a total of 158 Ronald McDonald House programs, 57 Ronald McDonald Family Room programs and 27 Ronald McDonald Care Mobile programs. In addition, their grantmaking activities support the health and educational needs of children in their communities.

The August reopening of the New Orleans Ronald McDonald House was a jubilant, intensely emotional event. When Hurricane Katrina hit the U.S. Gulf Coast on August 29, 2005, the House was in its direct path. **RMHC of Greater New Orleans'** determination to rebuild inspired global support from the entire RMHC system, the McDonald's family and other businesses, donors and volunteers.



RMHC of Kansas City opened a new 41-bedroom Ronald McDonald House in Kansas City, Missouri. The House was built using sustainable design principles and has numerous “green” features that make it an ultra-efficient facility. The Chapter is setting a new standard of donor stewardship by keeping operational costs to a minimum and protecting the environment.

The world’s 100th Ronald McDonald Family Room program opened at Medical Center Hospital in Odessa, Texas. **RMHC of the Southwest** followed up this success just a few months later, opening two more Family Room programs on the same day at hospitals in Lubbock, Texas (the 101st and 102nd in the Ronald McDonald Family Room network). The Chapter’s Family Room program is the outgrowth of several years of needs assessments, strategic planning and relationship building.

An extensive needs assessment in Omaha, Nebraska revealed that many children in the area not only had never seen a dentist, they didn’t even own a toothbrush. **RMHC in Omaha**, with clinical service provider OneWorld Community Health Centers, launched an all-dental Ronald McDonald Care

Mobile program. The program works on-site at public schools in Omaha and nearby Council Bluffs, Iowa, and will make an annual trip to serve children in the most remote areas of Nebraska.

LATIN AMERICA

Latin America now has 13 RMHC Chapters. The region supports eight Ronald McDonald House programs, one Ronald McDonald Family Room program and one Ronald McDonald Care Mobile program. These Chapters also provide grant funding for pediatric health care and educational programs.

RMHC Costa Rica hosted the RMHC Latin America Regional Conference, with representatives in attendance from nine of the 12 Latin American countries that have an RMHC Chapter. Delegates shared best practices in program operations, Board governance, fundraising and donor relationships. A highlight of the week was the visit to the RMHC Play and Learning Room at San Isidro El General, operated by RMHC Costa Rica.

CANADA

Ronald McDonald House Charities of Canada provides support to the country’s 12 Ronald McDonald House

programs. In 2006, the Canadian House program expanded non-clinical services such as tutoring, recreational opportunities and pet therapy. In addition, the Chapter awards grants to numerous community-based nonprofit organizations that work to improve the quality of life for children. A particular focus is building accessible playgrounds for children with special needs.

More than 50 delegates from RMHC of Canada and Ronald McDonald Houses gathered in Winnipeg, Manitoba, in September to learn and share best practices. Education sessions included effective campaign planning and standards of a well-run charity. Delegates had a sneak preview of several exciting RMHC of Canada national awareness pieces.

In an example of socially responsible leadership, **Ronald McDonald House of Southern Alberta** broke ground on a new 23-bedroom House to LEED silver certification standards. The House will create energy efficiencies and a pleasant environment for families and guests. In addition, the House expects that the sustainable design will significantly reduce the total cost of ownership and ongoing maintenance costs.



World Children's Day

World Children's Day at McDonald's, celebrated throughout the month of November, is a powerful global initiative that increases awareness of the most important issues facing children and raises funds to address these urgent needs. In 2006, more than 5,000 McDonald's owner/operators—representing nearly 32,000 restaurants in 118 countries—participated in the fifth annual event. They drew on the support of their customers, suppliers and local donors to highlight the needs of children in their own communities. World Children's Day at McDonald's raised \$27.5 million to help Ronald McDonald House Charities, its local Chapters and other children's organizations worldwide. Since its inception in 2002, World Children's Day has raised a total of \$100.5 million to benefit children. Ronald McDonald House Charities expresses profound gratitude to the McDonald's Corporation, its global network of owner/operators, suppliers and their customers who share our mission.



Since 2002, World Children's Day has raised \$100.5 million to address the urgent needs of children worldwide.



THE RAY KROC HERITAGE SOCIETY

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\$1,000,000 and above

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PLATINUM ARCHES

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 M. Jude Reyes

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The Anita Jean Moore Fund
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\$50,000 - \$249,999

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AS OF DECEMBER 31, 2006

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Financial Statements

RONALD McDONALD HOUSE CHARITIES, INC. • YEARS ENDED DECEMBER 31, 2006 AND 2005

REPORT OF INDEPENDENT AUDITORS

The Board of Trustees
Ronald McDonald House Charities, Inc.

We have audited the accompanying statements of financial position of Ronald McDonald House Charities, Inc. (RMHC) as of December 31, 2006 and 2005, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the RMHC management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of RMHC's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of RMHC's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ronald McDonald House Charities, Inc. at December 31, 2006 and 2005, and the changes in its net assets, functional expenses, and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

Ernst & Young LLP

March 9, 2007

STATEMENTS OF FINANCIAL POSITION

RONALD McDONALD HOUSE CHARITIES, INC.

	December 31, 2006			December 31, 2005		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<i>(In Thousands)</i>						
Assets						
Cash and cash equivalents	\$ 3,555	\$ 6,911	\$ 10,466	\$ 3,229	\$ 8,931	\$ 12,160
Other assets	508	230	738	1,532	294	1,826
Contribution receivable, net	7,491	–	7,491	6,241	–	6,241
Investments	93,453	–	93,453	83,938	809	84,747
Pledges receivable, net	252	1,412	1,664	245	1,528	1,773
Total assets	<u>\$ 105,259</u>	<u>\$ 8,553</u>	<u>\$ 113,812</u>	<u>\$ 95,185</u>	<u>\$ 11,562</u>	<u>\$ 106,747</u>
Liabilities and net assets						
Accrued expenses and other	\$ 269	\$ –	\$ 269	\$ 148	\$ 1	\$ 149
Grants payable, net	7,499	5,907	13,406	8,591	8,463	17,054
Note payable	3,400	–	3,400	3,400	–	3,400
Total liabilities	<u>11,168</u>	<u>5,907</u>	<u>17,075</u>	<u>12,139</u>	<u>8,464</u>	<u>20,603</u>
Net assets:						
Unrestricted:						
Undesignated	5,000	–	5,000	1,000	–	1,000
Board designated – contingent grants	8,939	–	8,939	6,235	–	6,235
Board designated – operating reserves	80,152	–	80,152	75,811	–	75,811
Total unrestricted	<u>94,091</u>	<u>–</u>	<u>94,091</u>	<u>83,046</u>	<u>–</u>	<u>83,046</u>
Temporarily restricted:						
Local RMHC Program Support	–	1,007	1,007	–	1,360	1,360
Other	–	1,639	1,639	–	1,738	1,738
Total temporarily restricted	<u>–</u>	<u>2,646</u>	<u>2,646</u>	<u>–</u>	<u>3,098</u>	<u>3,098</u>
Total net assets	<u>94,091</u>	<u>2,646</u>	<u>96,737</u>	<u>83,046</u>	<u>3,098</u>	<u>86,144</u>
Total liabilities and net assets	<u>\$ 105,259</u>	<u>\$ 8,553</u>	<u>\$ 113,812</u>	<u>\$ 95,185</u>	<u>\$ 11,562</u>	<u>\$ 106,747</u>

See accompanying notes.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

RONALD McDONALD HOUSE CHARITIES, INC.

	Year Ended December 31, 2006			Year Ended December 31, 2005		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
	<i>(In Thousands)</i>					
Public support, revenue, and gains:						
Public support:						
Other contributions	\$ 19,347	\$ 888	\$ 20,235	\$ 19,021	\$ 2,152	\$ 21,173
Donated goods and services	4,812	16	4,828	4,125	13	4,138
Total public support	<u>24,159</u>	<u>904</u>	<u>25,063</u>	<u>23,146</u>	<u>2,165</u>	<u>25,311</u>
Revenue and gains:						
Net realized and change in unrealized gains on investments	8,580	47	8,627	6,366	53	6,419
Interest and dividends	1,807	383	2,190	1,483	426	1,909
Program service revenue	101	1	102	642	1	643
Other gains	21	-	21	9	-	9
Gross revenue from special fundraising events	774	-	774	621	-	621
Less direct benefit costs	<u>(830)</u>	<u>-</u>	<u>(830)</u>	<u>(657)</u>	<u>-</u>	<u>(657)</u>
Net revenue from special fundraising events	<u>(56)</u>	<u>-</u>	<u>(56)</u>	<u>(36)</u>	<u>-</u>	<u>(36)</u>
Total revenue and gains	<u>10,453</u>	<u>431</u>	<u>10,884</u>	<u>8,464</u>	<u>480</u>	<u>8,944</u>
Net assets released from restrictions	<u>1,787</u>	<u>(1,787)</u>	<u>-</u>	<u>1,034</u>	<u>(1,034)</u>	<u>-</u>
Total public support, revenue, and gains	<u>36,399</u>	<u>(452)</u>	<u>35,947</u>	<u>32,644</u>	<u>1,611</u>	<u>34,255</u>
Expenses:						
Grants and program services	19,772	-	19,772	21,699	-	21,699
Management and general administration	3,150	-	3,150	2,472	-	2,472
Fundraising	2,432	-	2,432	2,884	-	2,884
	<u>25,354</u>	<u>-</u>	<u>25,354</u>	<u>27,055</u>	<u>-</u>	<u>27,055</u>
Change in net assets	<u>11,045</u>	<u>(452)</u>	<u>10,593</u>	<u>5,589</u>	<u>1,611</u>	<u>7,200</u>
Net assets at beginning of year	<u>83,046</u>	<u>3,098</u>	<u>86,144</u>	<u>77,457</u>	<u>1,487</u>	<u>78,944</u>
Net assets at end of year	<u>\$ 94,091</u>	<u>\$ 2,646</u>	<u>\$ 96,737</u>	<u>\$ 83,046</u>	<u>\$ 3,098</u>	<u>\$ 86,144</u>

See accompanying notes.

STATEMENTS OF FUNCTIONAL EXPENSES

RONALD McDONALD HOUSE CHARITIES, INC.

Year Ended December 31, 2006

	Grants	Donated Services	Other Services and Professional Fees	Public Awareness	Other	Travel, Meetings and Conventions	Miscellaneous Office Expenses	Occupancy	Total
<i>(In Thousands)</i>									
Grants and program services									
Support of local RMHC Chapters:									
General RMHC, Ronald McDonald House, and other program support	\$ 6,547	\$ 910	\$ 359	\$ -	\$ 184	\$ 400	\$ 33	\$ -	\$ 8,433
Community-focused programs	3,596	-	-	-	-	-	-	-	3,596
Ronald McDonald Care Mobile program	1,737	118	15	-	14	25	2	-	1,911
Scholarship programs	1,311	20	57	-	-	-	7	-	1,395
New and expansion Ronald McDonald House grants	550	-	-	-	-	-	-	-	550
Ronald McDonald Family Room program	153	-	-	-	-	-	-	-	153
Total local RMHC support	13,894	1,048	431	-	198	425	42	-	16,038
Other programs:									
Health	2,083	-	-	-	-	-	-	-	2,083
Well-Being	1,651	-	-	-	-	-	-	-	1,651
Total program services	17,628	1,048	431	-	198	425	42	-	19,772
Fundraising									
Fundraising benefiting global RMHC only	-	496	775	30	509	188	111	-	2,109
Fundraising benefiting local RMHC Chapters only	-	156	93	-	73	-	1	-	323
Total fundraising	-	652	868	30	582	188	112	-	2,432
Management and general administration									
Total expenses	\$17,628	\$ 2,799	\$ 1,684	\$ 1,022	\$ 1,086	\$ 767	\$ 223	\$ 145	\$ 25,354

STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)

RONALD McDONALD HOUSE CHARITIES, INC.

Year Ended December 31, 2006

	Grants	Donated Services	Other Services and Professional Fees	Public Awareness	Other	Travel, Meetings and Conventions	Miscellaneous Office Expenses	Occupancy	Total
<i>(In Thousands)</i>									
Grants and program services									
Support of local RMHC Chapters:									
General RMHC, Ronald McDonald House, and other program support	\$ 6,709	\$ 933	\$ 237	\$ -	\$ 310	\$ 1,263	\$ 12	\$ -	\$ 9,464
Community-focused programs	3,731	-	-	-	-	-	-	-	3,731
Ronald McDonald Care Mobile program	1,204	119	28	-	14	22	10	-	1,397
Scholarship programs	1,365	25	71	-	-	-	27	-	1,488
New and expansion Ronald McDonald House grants	903	-	-	-	-	-	-	-	903
Ronald McDonald Family Room program	117	-	-	-	-	-	-	-	117
Total local RMHC support	14,029	1,077	336	-	324	1,285	49	-	17,100
Other programs:									
Health	2,601	-	-	-	-	-	-	-	2,601
Well-Being	1,998	-	-	-	-	-	-	-	1,998
Total program services	18,628	1,077	336	-	324	1,285	49	-	21,699
Fundraising									
Fundraising benefiting global RMHC only	-	490	936	-	240	117	102	-	1,885
Fundraising benefiting local RMHC Chapters only	-	139	24	-	818	16	2	-	999
Total fundraising	-	629	960	-	1,058	133	104	-	2,884
Management and general administration	-	1,022	91	911	177	78	104	89	2,472
Total expenses	\$18,628	\$ 2,728	\$ 1,387	\$ 911	\$ 1,559	\$ 1,496	\$ 257	\$ 89	\$ 27,055

See accompanying notes.

STATEMENTS OF CASH FLOWS

RONALD McDONALD HOUSE CHARITIES, INC.

	Year ended December 31	
	2006	2005
	<i>(In Thousands)</i>	
Operating activities		
Change in net assets	\$ 10,593	\$ 7,200
Adjustments to reconcile change in net assets to cash flows used in operating activities:		
Gain on sale of equipment	(7)	–
Gain loss on cash surrender value of insurance	(14)	(9)
Net realized and change in unrealized gains on investments	(8,627)	(6,419)
Contributions of common stock	(84)	(9)
Changes in operating assets and liabilities:		
Pledges receivable	109	(1,126)
Contributions receivable	(1,250)	2,661
Other assets	1,067	(1,126)
Accrued expenses and other	120	(239)
Grants payable	(3,648)	(5,859)
Net cash flows used in operating activities	(1,741)	(4,926)
Investing activities		
Purchases of investments	(13,115)	(6,243)
Proceeds from sale of investments	13,120	4,982
Proceeds from sale of equipment	42	–
Net cash flows provided by (used in) investing activities	47	(1,261)
Net decrease in cash and cash equivalents	(1,694)	(6,187)
Cash and cash equivalents at beginning of year	12,160	18,347
Cash and cash equivalents at end of year	\$ 10,466	\$ 12,160

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS

RONALD McDONALD HOUSE CHARITIES, INC. • YEARS ENDED DECEMBER 31, 2006 AND 2005

1. NATURE AND PURPOSE OF THE ORGANIZATION

Ronald McDonald House Charities, Inc. (RMHC) is an Illinois not-for-profit corporation. RMHC was incorporated on September 29, 1977. The Internal Revenue Service has issued a ruling stating that RMHC is a Section 501(c)(3) charitable organization and qualifies as a public charity under Section 509(a)(1) of the Internal Revenue Code. As such, it is exempt from federal income taxation on related income.

The mission of RMHC is to create, find, and support programs that directly improve the health and well-being of children. RMHC fulfills its mission by creating programs that address targeted needs and by supporting these programs and other activities conducted by its local chapters worldwide. In addition, RMHC awards grants to other organizations that positively impact the health and well-being of children.

The RMHC Bylaws allow for solicitation of contributions from the general public. RMHC contributes to those tax-exempt organizations, which, in the opinion of the Board of Trustees of RMHC, are the most appropriate recipients. The Bylaws also allow for the operation of a facility to provide housing and other assistance for ill children (Ronald McDonald Houses).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management of RMHC to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

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.

Pledges Receivable

Promises to give are recognized as revenue in the period made if they are unconditional promises. Conditional promises are recorded as revenue when the conditions are met. Unconditional promises to give securities are recorded at their fair values.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Investments

RMHC records all investments in equity securities with readily determinable fair values and all investments in debt securities and commodities at fair value in the statements of financial position. Realized and changes in unrealized investment gains and losses and income are included in the statements of activities and changes in net assets.

RMHC also has investments in less than 1% of two limited partnerships which are reported at cost. Capital calls to cover management fees are expensed as incurred.

Net Assets

RMHC 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. Net assets of the two restricted classes 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, temporarily restricted net assets are reclassified to unrestricted net assets. All other net assets, including board-designated or appropriated amounts, are unrestricted and are reported as part of the unrestricted class. RMHC did not have any permanently restricted net assets for the years ended December 31, 2006 or 2005.

Public Support

Public support is generally recorded at time of receipt. Promises to give are recognized as revenue in the period made if they are unconditional promises. Conditional promises are recorded as revenue when the conditions are met. Unconditional promises to give securities and donated services are recorded at their fair values.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

RONALD McDONALD HOUSE CHARITIES, INC. - YEARS ENDED DECEMBER 31, 2006 AND 2005

3. INVESTMENTS

Investments consist of the following at December 31, 2006 and 2005:

	2006		2005	
	Carrying Value	Cost	Carrying Value	Cost
	<i>(In Thousands)</i>		<i>(In Thousands)</i>	
Mutual bond fund	\$ 18,391	\$ 18,497	\$ 17,725	\$ 17,689
Common stock:				
Mutual stock fund	67,682	58,435	61,671	55,484
McDonald's Corporation	6,396	3,300	5,351	3,596
Total common stock	74,078	61,735	67,022	59,080
Mutual commodity fund	746	769	-	-
Alternative investments	238	238	-	-
Total investments	\$ 93,453	\$ 81,239	\$ 84,747	\$ 76,769

The fair value of alternative investments was \$228,000 at December 31, 2006. RMHC has a total capital commitment to the limited partnerships of \$6,000,000. As of December 31, 2006, RMHC has paid \$270,000 towards its total capital commitment, including \$32,000 to cover management fees which were expensed in 2006.

Total investment return is summarized as follows for the years ended December 31, 2006 and 2005:

	2006	2005
	<i>(In Thousands)</i>	
Net realized gains/losses on investments	\$ 4,391	\$ 772
Change in unrealized gains/losses in market value of investments	4,236	5,647
Dividend and interest income	2,190	1,909
	\$ 10,817	\$ 8,328

Dividend and interest income includes interest income, earned on outstanding cash and cash equivalents balances, of \$547,000 and \$534,000 for 2006 and 2005, respectively.

4. GRANTS PAYABLE

There were no grants payable in future years as of December 31, 2006 and 2005.

There are \$8,938,000 and \$6,235,000 in contingent grants, which are reflected as board-designated unrestricted net assets, at December 31, 2006 and 2005, respectively. Contingent grants primarily represent a one-year initiative to match, if requested, the grantmaking activities of the local RMHC Chapters provided certain criteria are met.

5. NOTE PAYABLE

Effective January 22, 2002, McDonald's Corporation made available to RMHC an interest free line of credit in the amount of \$5,000,000. RMHC has currently borrowed \$3,400,000 against that line of credit. Imputed interest on the note payable is based on short-term applicable federal rates issued by the Internal Revenue Service, utilizing a blended rate of 4.71% in 2006 and 3.11% in 2005. Total imputed interest in 2006 and 2005 is \$160,000 and \$106,000, respectively.

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	December 31	
	2006	2005
	<i>(In Thousands)</i>	
Restriction:		
Support of local Ronald McDonald House Charities programs (worldwide)	\$ 1,007	\$ 1,360
Time restricted	1,639	1,738
Total temporarily restricted net assets	\$ 2,646	\$ 3,098

7. CONTRIBUTIONS

Pledges Receivable

RMHC has received pledges from foundations, corporations, and individuals. These pledges relate primarily to the capital campaign that began in 1998.

Included in pledges receivable at December 31, 2006 and 2005, are the following unconditional promises to give:

	December 31	
	2006	2005
	<i>(In Thousands)</i>	
Unconditional promises to give before unamortized discount and allowance for uncollectibles	\$ 2,000	\$ 2,165
Less unamortized discount	193	176
	1,807	1,989
Less allowance for uncollectibles	143	216
Net unconditional promises to give	\$ 1,664	\$ 1,773
Amounts due in:		
Less than one year	\$ 1,235	\$ 1,240
One to five years	765	925
	\$ 2,000	\$ 2,165

The discount rates used were between 4.68% to 4.69% in 2006 and 4.37% to 4.40% in 2005.

Contributions Receivable

Included in contributions receivable at December 31, 2006 and 2005, are the following:

	December 31	
	2006	2005
	<i>(In Thousands)</i>	
Contributions receivable	\$ 7,491	\$ 6,263
Less allowances for uncollectibles	-	(22)
Contributions receivable, net	\$ 7,491	\$ 6,241

Contributions receivable include \$6,550,000 and \$6,079,000 due from McDonald's Corporation at December 31, 2006 and 2005, respectively, for the World Children's Day campaign.

Other Contributions

Included in contributions are proceeds from fundraisers conducted by independent organizations on behalf of RMHC. For the years ended December 31, 2006 and

2005, independent fundraising activities totaled \$11,456,000 and \$10,779,000, respectively. In addition, remittance from local chapters derived from fundraising efforts totaled \$3,328,000 and \$2,127,000 at December 31, 2006 and 2005, respectively.

Donated Goods and Services

RMHC receives support from McDonald's Corporation consisting of the free use of its facilities, equipment, materials, and limited services. The free goods and services provided by McDonald's Corporation partially defray certain costs that RMHC would otherwise incur for program service, fundraising, and management and general expenditures. For the years ended December 31, 2006 and 2005, the total value of the free goods and services provided by McDonald's Corporation totaled \$3,442,000 and \$3,031,000, respectively.

RMHC received additional donated goods and services from other donors totaling \$1,386,000 and \$1,107,000 for the years ended December 31, 2006 and 2005, respectively. A portion of these donated goods and services are included in gross revenue from special fundraising events.

RMHC also receives donated services from other contributors and volunteers that are not measurable and, therefore, are excluded from the financial statements.

Special Fundraising Events

RMHC conducted various special fundraising events in 2006 and 2005 that generated \$1,950,000 and \$1,937,000, respectively.

Gross revenue from special fundraising events includes the amount paid by the donor for the stated fair market value of the goods and services received by the donor at the event totaling \$774,000 and \$621,000 in 2006 and 2005, respectively. Direct benefit costs reflect the actual fair market value of the goods and services received by the donor. The difference between the gross revenue from special fundraising events and the corresponding direct benefit costs is due to the need to estimate the fair market value of the goods and services in advance of the event rather than subsequent to completion of the event when the actual fair market value of the goods and services received is finalized.

The difference between the total event proceeds and the gross revenue from special events totaling \$1,176,000 and \$1,316,000 in 2006 and 2005, respectively, is included in direct public support as other contributions.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

RONALD McDONALD HOUSE CHARITIES, INC. - YEARS ENDED DECEMBER 31, 2006 AND 2005

8. GRANTS AND PROGRAM SERVICES

Support of Local RMHC Chapters

- *General RMHC, Ronald McDonald House, and Other Program Support*
 - RMHC provides expertise in all aspects of Ronald McDonald House operations, other program development, and nonprofit management for its Chapters worldwide. Support includes educational resources, tools, and training opportunities and general program support grants.
- *Community-Focused Programs*
 - RMHC directly matches U.S. Chapter grants made to local children's organizations thereby increasing the availability and scope of services provided to children throughout the United States.
- *Scholarship Programs*
 - RMHC developed and continues to support three scholarship programs. RMHC/HACER, RMHC/ASIA, and RMHC/Future Achievers assist graduating high school seniors of Hispanic, Asian/Pacific Islander, and African American heritage with their first year of college or university education. RMHC also directly matches scholarships awarded by U.S. Chapters through these programs.
- *Ronald McDonald Care Mobile Program*
 - RMHC developed and continues to support mobile pediatric healthcare services to children in underserved areas in the United States and Argentina. In addition to primary and specialty medical care, health education, and oral health services, the program links children to other community and social service resources.
- *Ronald McDonald House Grants*
 - RMHC provides grants for new and expanding Ronald McDonald House programs. The Ronald McDonald House is a home away from home for families of ill children while being treated at nearby hospitals.
- *Ronald McDonald Family Room Program*
 - The Ronald McDonald Family Room program offers a home-like environment within the walls of the hospital. Ronald McDonald Family Rooms provide families of hospitalized children with a place to refresh and relax while remaining near their child's bedside.

In addition to direct support of its local Chapters totaling \$16,038,000 and \$17,100,000 for the years ended December 31, 2006 and 2005, respectively, RMHC provided support through the development of Corporate Donors who directly support local Chapter programs through the donation of goods and services to these Chapters (see Note 9).

Other Programs

RMHC works with other organizations to identify and address the needs of children throughout the world. These efforts are directed in two areas—improving the health of children, and addressing the overall well-being of children.

9. FUNDRAISING EXPENSES

For the years ended December 31, 2006 and 2005, fundraising expenses incurred by RMHC solely for the benefit of the Global RMHC totaled \$2,109,000 and \$1,885,000, respectively.

Additionally, for the years ended December 31, 2006 and 2005, fundraising expenses incurred by RMHC solely for the benefit of the local Chapters totaled \$323,000 and \$999,000, respectively. These expenditures represent additional support RMHC provides to the local Chapters through the development of Corporate Donors who agree to provide cash support and/or donated goods and services directly to the RMHC local Chapters. These Corporate Donors help to defray the cost to operate a variety of local Chapter programs, including the Ronald McDonald Houses.

10. RELATED-PARTY TRANSACTIONS

During the year, RMHC dealt with numerous corporations in carrying out the ordinary operations of the charity. This included the purchase of materials, supplies, and services required to conduct the RMHC programs and fundraising activities. All goods and services provided by McDonald's Corporation in 2006 were donated. For the year ended December 31, 2005, RMHC paid a total of \$99,000 to McDonald's Corporation for development and maintenance of the RMHC Web site, as well as print materials and instructional videos for various program-related fundraising and public awareness activities throughout the year. RMHC also received donated goods and services from McDonald's Corporation in 2005. In 2006 and 2005, RMHC paid to other corporations a total of \$29,000 and \$27,000, respectively, for goods and services. RMHC also paid \$185,000 and \$113,000, respectively, for approved grants to charities in support of children's programs where officers and directors of RMHC are also officers and directors of the charity.



Together with support from caring donors, volunteers and staff,
we are enhancing the lives of children and their families around the world. Thank you.



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