

**RONALD MCDONALD HOUSE CHARITIES
OF NORTHEASTERN OHIO, INC.**

FINANCIAL REPORT

December 31, 2017 and 2016

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Independent Auditor's Report

To the Board of Directors of
Ronald McDonald House Charities of Northeastern Ohio, Inc.
Independence, Ohio

We have audited the accompanying financial statements of Ronald McDonald House Charities of Northeastern Ohio, Inc. (a non-profit corporation), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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 Organization'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 Organization'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 Northeastern Ohio, Inc. as of December 31, 2017, 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.

Prior Period Financial Statements

The financial statements of Ronald McDonald House Charities of Northeastern Ohio, Inc. as of and for the year ended December 31, 2016, were audited by other accountants who have ceased operations and whose report dated May 17, 2017, expressed an unmodified opinion on those financial statements.

Maloney + Novotny LLC

May 16, 2018
Canton, Ohio

RONALD MCDONALD HOUSE CHARITIES OF NORTHEASTERN OHIO, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2017 AND 2016

ASSETS

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and Cash Equivalents	\$ 427,321	\$ 506,448
Accounts Receivable - NOTE B	69,667	93,276
Prepaid Expenses	3,658	2,160
Other Assets	646	646
Investments - at Fair Value - NOTE C	478,800	370,293
Property and Equipment, Net - NOTE D	55,622	70,364
Total Assets	<u>\$ 1,035,714</u>	<u>\$ 1,043,187</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable	\$ 1,320	\$ 33,950
Deferred Revenue	10,025	-
Grants Payable	19,449	19,047
Total Liabilities	<u>30,794</u>	<u>52,997</u>

NET ASSETS

Unrestricted	<u>1,004,920</u>	<u>990,190</u>
Total Net Assets	<u>1,004,920</u>	<u>990,190</u>
Total Liabilities and Net Assets	<u>\$ 1,035,714</u>	<u>\$ 1,043,187</u>

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

RONALD MCDONALD HOUSE CHARITIES OF NORTHEASTERN OHIO, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
	<u>Unrestricted</u>	<u>Unrestricted</u>
REVENUES AND OTHER SUPPORT		
Contributions	\$ 300,407	\$ 257,573
Special Events Revenue	469,783	485,742
Less Direct Benefit Cost	<u>105,447</u>	<u>97,995</u>
Net Revenue from Special Events	364,336	387,747
Other Income - NOTE E	-	6,999
Grants	15,000	34,620
Scholarships	29,250	29,250
In-Kind Donations - NOTE A	<u>6,000</u>	<u>12,000</u>
Total Revenues and Other Support	<u>714,993</u>	<u>728,189</u>
EXPENSES		
Program Services	674,575	582,214
Supporting Services:		
Management and General Administration	56,368	61,115
Unallocated Payments to RMHC, Inc.	72,078	80,675
Fundraising	<u>8,784</u>	<u>9,309</u>
Total Expenses	<u>811,805</u>	<u>733,313</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(96,812)	(5,124)
INVESTMENT INCOME, NET - NOTE C	<u>111,542</u>	<u>25,787</u>
CHANGE IN NET ASSETS	14,730	20,663
Net Assets - Beginning of Year	<u>990,190</u>	<u>969,527</u>
NET ASSETS - END OF YEAR	<u>\$ 1,004,920</u>	<u>\$ 990,190</u>

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

RONALD MCDONALD HOUSE CHARITIES OF NORTHEASTERN OHIO, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2017

	Program Services				Total
	Ronald McDonald House	Ronald McDonald Family Room	Ronald McDonald Care Mobile	Other Program Services	
Salaries	\$ -	\$ -	\$ -	\$ 58,355	\$ 58,355
Employee Health Benefits	-	-	-	12,968	12,968
Payroll Taxes	-	-	-	4,464	4,464
Total Salaries and Related Expenses	-	-	-	75,787	75,787
Depreciation	-	-	-	9,582	9,582
Grants	201,000	40,000	75,000	169,037	485,037
In-Kind Expense	-	-	-	3,900	3,900
Insurance	-	-	-	343	343
Meetings, Training, and Seminars	-	-	-	886	886
Office Supplies	-	-	-	527	527
Other Expenses	-	-	-	286	286
Postage	-	-	-	206	206
Printing and Publishing	-	-	-	78	78
Professional Fees	-	-	-	8,252	8,252
Public Relations	-	-	-	1,535	1,535
Rent	-	-	-	5,454	5,454
Scholarship	-	-	-	72,696	72,696
Technology	-	-	-	252	252
Telephone	-	-	-	1,649	1,649
Travel, Meals, and Entertainment	-	-	-	8,105	8,105
	201,000	40,000	75,000	358,575	674,575
Unallocated Payments to RMHC, Inc.	-	-	-	-	-
Total Expenses	\$ 201,000	\$ 40,000	\$ 75,000	\$ 358,575	\$ 674,575

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

<u>Supporting Services</u>		
<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
\$ 26,933	\$ 4,489	\$ 89,777
5,985	998	19,951
2,060	343	6,867
<u>34,978</u>	<u>5,830</u>	<u>116,595</u>
4,423	737	14,742
-	-	485,037
1,800	300	6,000
158	26	527
409	68	1,363
243	41	811
132	22	440
55	14	275
15	5	98
3,809	635	12,696
181	90	1,806
2,517	420	8,391
6,321	-	79,017
116	19	387
761	127	2,537
450	450	9,005
<u>56,368</u>	<u>8,784</u>	<u>739,727</u>
<u>72,078</u>	<u>-</u>	<u>72,078</u>
<u>\$ 128,446</u>	<u>\$ 8,784</u>	<u>\$ 811,805</u>

RONALD MCDONALD HOUSE CHARITIES OF NORTHEASTERN OHIO, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2016

	Program Services				Total
	Ronald McDonald House	Ronald McDonald Family Room	Ronald McDonald Care Mobile	Other Program Services	
Salaries	\$ -	\$ -	\$ -	\$ 57,307	\$ 57,307
Employee Health Benefits	-	-	-	11,965	11,965
Payroll Taxes	-	-	-	4,384	4,384
Total Salaries and Related Expenses	-	-	-	73,656	73,656
Depreciation	-	-	-	21,261	21,261
Grants	103,500	40,000	104,243	136,580	384,323
In-Kind Expense	-	-	-	3,250	3,250
Insurance	-	-	-	343	343
Meetings, Training, and Seminars	-	-	-	857	857
Office Supplies	-	-	-	812	812
Other Expenses	-	-	-	358	358
Postage	-	-	-	542	542
Printing and Publishing	-	-	-	116	116
Professional Fees	-	-	-	8,943	8,943
Public Relations	-	-	-	1,397	1,397
Rent	-	-	-	5,419	5,419
Scholarship	-	-	-	75,539	75,539
Technology	-	-	-	464	464
Telephone	-	-	-	1,713	1,713
Travel, Meals, and Entertainment	-	-	-	3,221	3,221
	103,500	40,000	104,243	334,471	582,214
Unallocated Payments to RMHC, Inc.	-	-	-	-	-
Total Expenses	\$ 103,500	\$ 40,000	\$ 104,243	\$ 334,471	\$ 582,214

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

<u>Supporting Services</u>		
<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
\$ 26,450	\$ 4,408	\$ 88,165
5,522	920	18,407
<u>2,024</u>	<u>337</u>	<u>6,745</u>
33,996	5,665	113,317
9,813	1,635	32,709
-	-	384,323
1,500	250	5,000
159	26	528
395	66	1,318
375	62	1,249
165	28	551
144	36	722
22	7	145
4,128	688	13,759
164	82	1,643
2,501	417	8,337
6,569	-	82,108
214	36	714
791	132	2,636
<u>179</u>	<u>179</u>	<u>3,579</u>
61,115	9,309	652,638
<u>80,675</u>	<u>-</u>	<u>80,675</u>
<u>\$ 141,790</u>	<u>\$ 9,309</u>	<u>\$ 733,313</u>

RONALD MCDONALD HOUSE CHARITIES OF NORTHEASTERN OHIO, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 14,730	\$ 20,663
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	14,742	32,709
Net Realized and Unrealized Gain on Investments	(100,724)	(15,904)
Equipment Contribution, RMHC Inc.	-	(6,999)
In-Kind Donation of Fixed Asset	-	(7,000)
(Increase) Decrease in Assets:		
Accounts Receivable	23,609	(35,991)
Prepaid Expenses	(1,498)	(251)
Other Assets	-	500
Increase (Decrease) in Liabilities:		
Accounts Payable	(32,630)	(5,798)
Deferred Revenue	10,025	-
Grants Payable	402	(5,238)
	<u>(71,344)</u>	<u>(23,309)</u>
Net Cash Used by Operating Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Purchases of Investments	(7,783)	(7,922)
Purchases of Property and Equipment	-	(6,665)
	<u>(7,783)</u>	<u>(14,587)</u>
Net Cash Used by Investing Activities		
NET DECREASE IN CASH AND CASH EQUIVALENTS	(79,127)	(37,896)
Cash and Cash Equivalents - Beginning of Year	<u>506,448</u>	<u>544,344</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 427,321</u>	<u>\$ 506,448</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES		
Contributions of Furniture and Fixtures	<u>\$ -</u>	<u>\$ 6,999</u>
In-Kind Donation of Fixed Asset	<u>\$ -</u>	<u>\$ 7,000</u>

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

RONALD MCDONALD HOUSE CHARITIES OF NORTHEASTERN OHIO, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

The mission of Ronald McDonald House Charities of Northeastern, Ohio Inc., (the Organization) an Ohio non-profit corporation, is to support the Ronald McDonald House programs in Akron and Cleveland, and create, find, and support programs that directly improve the health and well-being of children and their families. Guiding the Organization in the mission are the following Core Values:

- Leading with compassion
- Focusing on the critical needs of children
- Celebrating the diversity of the Organization's people and programs
- Valuing the Organization's heritage
- Operating with accountability and transparency

Bylaws of the Organization allow for solicitation of contributions from the general public. The Organization contributes to tax-exempt organizations which, in the opinion of the board of directors, are the most appropriate recipients, considering the Organization's primary goal of helping children reach their fullest potential, by making grants in the areas of health care, medical research, civic and social services, education and the arts. The bylaws also allow for grants to existing tax-exempt Ronald McDonald Houses. The Ronald McDonald Houses enable families whose children are receiving treatments at area medical centers to cope with their crisis.

BASIS OF ACCOUNTING

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less. Included in cash and cash equivalents is \$370,878 and \$367,891 of non-Federal Deposit Insurance Corporation (FDIC) insured money market funds for the years ended December 31, 2017 and 2016, respectively.

INVESTMENT SECURITIES

As required by the Accounting for Certain Investments Held by Not-for-Profit Organizations topic of the FASB ASC, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

RONALD MCDONALD HOUSE CHARITIES OF NORTHEASTERN, OHIO INC.

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed for financial statement purposes principally on the straight-line method over the estimated useful lives of the related assets.

Expenditures for major renewals and betterments which extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Donations of equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

INCOME TAX STATUS

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provision for Federal income taxes in the accompanying financial statements.

UNCERTAIN TAX POSITIONS

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Organization to report information regarding its exposure to various tax positions taken by the Organization. The Organization determines whether any tax positions meet their recognition threshold and measures the Organization's exposure to those tax positions. Management believes that the Organization has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Any interest or penalties assessed to the Organization would be recorded in operating expenses. No interest or penalties from Federal or state tax authorities were recorded in the accompanying financial statements.

CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject the Organization to concentrations of credit risk consist primarily of cash and short-term investments. The Organization places these items with financial institutions it deems to be high quality and creditworthy.

The Organization maintains cash accounts in certain financial institutions, which are insured by the FDIC up to \$250,000. For the years ending December 31, 2017 and 2016, the Organization's cash accounts were fully insured.

FINANCIAL STATEMENT PRESENTATION

As required by the Financial Statements of Not-for-Profit Organizations topic of the FASB ASC, the Organization is required to report 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. In addition, the Organization is required to present a statement of cash flows.

CONTRIBUTIONS

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support, which increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

RONALD MCDONALD HOUSE CHARITIES OF NORTHEASTERN, OHIO INC.

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

DONATED SERVICES, MATERIALS

A substantial number of the Organization's volunteers have donated significant amounts of their time to the Organization's program services. Amounts have been recognized in the accompanying statements of activities only if they meet the criteria for recognition of such volunteer effort under the Accounting for Contributions Received and Contributions Made topic of the FASB ASC. For the years ending December 31, 2017 and 2016, in-kind services and materials totaling \$6,000 and \$12,000, respectively are reflected in the statements of financial position, statements of activities and statements of functional expenses.

FUNCTIONAL EXPENSES

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

ADVERTISING

The Organization participates in various advertising and marketing programs. All costs related to marketing and advertising the Organization's services are expensed in the period incurred. Advertising costs charged to operations were \$1,806 and \$1,643 for 2017 and 2016, respectively.

RECLASSIFICATION

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

DATE OF MANAGEMENT'S REVIEW OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 16, 2018, which is the date the financial statements were available to be issued.

NOTE B - ACCOUNTS RECEIVABLE

Accounts receivable consist of the following at December 31:

	2017	2016
Donation box collections in transit	\$ 35,757	\$ 54,419
Fry box contributions - December	-	10,281
Network for Good	104	-
RMHC, Inc.	33,806	28,576
	<u>\$ 69,667</u>	<u>\$ 93,276</u>

NOTE C - INVESTMENT SECURITIES

Investments in securities are stated at fair value and consist of the following:

	December 31, 2017		
	Cost	Fair Value	Unrealized Gain/(Loss)
Mutual funds - bonds	\$ 45,299	\$ 44,681	\$ (618)
Mutual funds - equities	181,557	216,344	34,787
Mutual funds - commodities	10,762	9,980	(782)
Common stock (1,207 shares of McDonald's Corporation Stock)	38,935	207,795	168,860
	<u>\$ 276,553</u>	<u>\$ 478,800</u>	<u>\$ 202,247</u>

RONALD MCDONALD HOUSE CHARITIES OF NORTHEASTERN, OHIO INC.

NOTES TO FINANCIAL STATEMENTS

NOTE C - INVESTMENT SECURITIES – (Continued)

	December 31, 2016		
	Cost	Fair Value	Unrealized Gain/(Loss)
Mutual funds - bonds	\$ 44,554	\$ 44,152	\$ (402)
Mutual funds - equities	161,479	173,751	12,272
Mutual funds - commodities	10,546	9,058	(1,488)
Common stock (1,177 shares of McDonald's Corporation Stock)	34,389	143,332	108,943
	<u>\$ 250,968</u>	<u>\$ 370,293</u>	<u>\$ 119,325</u>

The following schedule summarizes the investment income activity and its classification on the statements of activities for the years ended December 31:

	2017	2016
	Unrestricted	Unrestricted
Interest and dividends	\$ 10,818	\$ 9,883
Realized gain on investments	17,790	5,341
Unrealized gain on investments	82,934	10,563
	<u>111,542</u>	<u>25,787</u>
Less investment fees	-	-
Net investment income	<u>\$ 111,542</u>	<u>\$ 25,787</u>

NOTE D - PROPERTY AND EQUIPMENT

Components of property and equipment at December 31, are as follows:

	2017	2016
Office equipment	\$ 5,005	\$ 5,005
Furniture and fixtures	252,128	252,128
Computer website redesign and software	11,000	11,000
	<u>268,133</u>	<u>268,133</u>
Less accumulated depreciation	212,511	197,769
Net property and equipment	<u>\$ 55,622</u>	<u>\$ 70,364</u>

Depreciation expense was \$14,742 and \$32,709 for 2017 and 2016, respectively.

NOTE E - RELATED PARTY TRANSACTIONS

For the years ended December 31, 2017 and 2016, the Organization paid 25% of its national fundraising revenue to RMHC, Inc. through a licensing agreement. Total revenue sharing expense was \$72,078 and \$80,675, for 2017 and 2016, respectively, which is reflected in the statements of functional expenses. This amount also includes a payable of \$0 and \$26,032 for years ended December 31, 2017 and 2016, respectively.

RONALD MCDONALD HOUSE CHARITIES OF NORTHEASTERN, OHIO INC.

NOTES TO FINANCIAL STATEMENTS

NOTE E - RELATED PARTY TRANSACTIONS – (Continued)

The Organization received various contributions from RMHC, Inc. of \$155,574 and \$128,645 during 2017 and 2016, respectively, that were either allocated or specifically designated to the Northeastern Ohio Chapter. The Organization records certain contributions received from RMHC, Inc. on a cash basis, typically one quarter in arrears, as the final amounts and allocations to be paid to each chapter are not determined by RMHC, Inc. until the following quarter or after matching requirements have been satisfied. For the year ending December 31, 2017, revenue includes \$11,026 from fourth quarter 2016 and \$12,489 from fourth quarter 2017.

The Organization also participated in the national program offered by RMHC, Inc. which provided donation box equipment of \$0 and \$6,999 in 2017 and 2016, respectively. The donation box program is the principal source of fundraising for the Organization.

In connection with an affiliation agreement with the Akron and Cleveland Ronald McDonald Houses, the Organization provides minimum grants to each organization of \$40,000 annually. Amounts paid to each Ronald McDonald House, were as follows at December 31:

	2017	
	<u>RMH - Akron</u>	<u>RMH-Cleveland</u>
Grants	\$ 90,000	\$ 90,000
Ronald McDonald Family Room	-	40,000
Events and sponsorships	11,000	10,000
	<u>\$ 101,000</u>	<u>\$ 140,000</u>

	2016	
	<u>RMH - Akron</u>	<u>RMH-Cleveland</u>
Grants	\$ 40,000	\$ 40,000
Ronald McDonald Family Room	-	40,000
Events and sponsorships	13,500	10,000
	<u>\$ 53,500</u>	<u>\$ 90,000</u>

NOTE F - COMMITMENTS AND CONTINGENT LIABILITIES

LEASES

The Organization leases office space in Independence, Ohio under a non-cancelable operating lease expiring in February 2019. The monthly rent is \$659, plus additional common area expenses.

The following is a schedule of future minimum rental payments required under the above operating lease as of December 31:

2018	\$ 7,908
2019	1,318
	<u>\$ 9,226</u>

Rent expense for leased facilities was \$8,391 and \$8,337 for the years ended December 31, 2017 and 2016, respectively.

RONALD MCDONALD HOUSE CHARITIES OF NORTHEASTERN, OHIO INC.

NOTES TO FINANCIAL STATEMENTS

NOTE G - FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States of America (U.S. GAAP) define fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date, measured in the principal market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the organization making the measurement.

U.S. GAAP specifies a hierarchy of inputs to valuation techniques, which categorize inputs to fair value measurements that reflect assumptions other market participants would use, based upon market data obtained for independent sources (observable inputs). In accordance with FASB ASC 820, the following summarizes the fair value hierarchy:

Level 1 Inputs: Unadjusted quoted market prices for identical assets and liabilities in an active market that the Organization has the ability to access.

Level 2 Inputs: Inputs other than the quoted prices in active markets that are observable either directly or indirectly for similar assets and liabilities.

Level 3 Inputs: Inputs based on prices or valuation techniques that are both unobservable and significant to the overall fair value measurement.

U.S. GAAP requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The methods described above may produce a fair value calculation that may not be reflective of future values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table shows the Organization's investments within the fair value hierarchy at December 31:

	2017		
	Level 1	Level 2	Level 3
Money market funds	\$ 370,878	\$ -	\$ -
Total money market funds	<u>\$ 370,878</u>	<u>\$ -</u>	<u>\$ -</u>
Mutual funds - bonds	\$ 44,681	\$ -	\$ -
Mutual funds - equities	216,344	-	-
Mutual funds - commodities	9,980	-	-
Common stock - McDonald's Corporation	207,795	-	-
Total investments	<u>\$ 478,800</u>	<u>\$ -</u>	<u>\$ -</u>

RONALD MCDONALD HOUSE CHARITIES OF NORTHEASTERN, OHIO INC.

NOTES TO FINANCIAL STATEMENTS

NOTE G - FAIR VALUE MEASUREMENTS – (Continued)

	2016		
	Level 1	Level 2	Level 3
Money market funds	\$ 367,891	\$ -	\$ -
Total money market funds	<u>\$ 367,891</u>	<u>\$ -</u>	<u>\$ -</u>
Mutual funds - bonds	\$ 44,152	\$ -	\$ -
Mutual funds - equities	173,751	-	-
Mutual funds - commodities	9,058	-	-
Common stock - McDonald's Corporation	143,332	-	-
Total investments	<u>\$ 370,293</u>	<u>\$ -</u>	<u>\$ -</u>