Ronald McDonald House Charities of the Miami Valley Region, Inc.

Financial Statements

December 31, 2018 and 2017

with Independent Auditors' Report

CLARK SCHAEFER HACKETT
CPAs & ADVISORS

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CLARK SCHAEFER HACKETT
CPAs & Advisors

10100 Innovation Drive, Suite 400, Dayton, Ohio 45342
P. 937.226.0070 | F. 937.226.1626 | cshco.com

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Ronald McDonald House Charities
of The Miami Valley Region, Inc.

Report on the Financial Statements
We have audited the accompanying financial statements of Ronald McDonald House Charities of the Miami Valley Region, Inc. (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ronald McDonald House Charities of The Miami Valley Region, Inc. as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Clark, Schaefer, Hackett & Co.

Dayton, Ohio
July 29, 2019

		2018	2017
Assets			
Current assets:			
Cash and cash equivalents	$	96,018	120,641
Receivables:			
Contributions receivable, net		50,000	54,823
Accounts receivable		26,673	45,280
Prepaid expenses		1,217	4,670
		173,908	225,414
Other assets:			
Contributions receivable, net		48,077	94,442
Beneficial interest in investments held by the Dayton Foundation		1,088,066	1,357,611
Property and equipment, net		2,106,405	2,186,842
		3,242,548	3,638,895
	$	3,416,456	3,864,309
Liabilities and net assets			
Current liabilities:			
Accounts payable	$	109,079	111,612
Accrued payroll and other		36,512	35,045
		145,591	146,657
Net assets:			
Without donor restrictions		2,112,206	2,292,617
With donor restrictions		1,158,659	1,425,035
		3,270,865	3,717,652
	$	3,416,456	3,864,309

See accompanying notes to financial statements.

	Without Donor Restrictions	With Donor Restrictions	Total
Changes in net assets:			
Public support:			
Contributions	$ 738,652	-	738,652
Family room service fees	224,661	-	224,661
Special fundraising event revenues	242,154	-	242,154
Grants	68,200	-	68,200
United Way	14,788	-	14,788
Donated services and materials	129,777	-	129,777
Net assets released from restrictions	151,188	(151,188)	-
Total revenue and other support	1,569,420	(151,188)	1,418,232
Expenses:			
Program services	1,286,440	-	1,286,440
General and administrative	152,224	-	152,224
Fundraising	257,758	-	257,758
Cost of direct benefit to donors	49,052	-	49,052
Total expenses	1,745,474	-	1,745,474
Net loss on beneficial interest in investments held by the Dayton Foundation	(4,357)	(115,188)	(119,545)
Change in net assets	(180,411)	(266,376)	(446,787)
Net assets, beginning of year	2,292,617	1,425,035	3,717,652
Net assets, end of year	$ 2,112,206	1,158,659	3,270,865

	Without Donor Restrictions	With Donor Restrictions	Total
Changes in net assets:			
Public support:			
Contributions	$ 645,489	149,265	794,754
Family room service fees	117,084	-	117,084
Special fundraising event revenues	256,595	-	256,595
Grants	188,568	-	188,568
United Way	21,175	-	21,175
Donated services and materials	110,136	-	110,136
Total revenue and other support	1,339,047	149,265	1,488,312
Expenses:			
Program services	1,070,290	-	1,070,290
General and administrative	120,856	-	120,856
Fundraising	433,769	-	433,769
Cost of direct benefit to donors	82,377	-	82,377
Unallocated payments to RMHC Global	46,747	-	46,747
Total expenses	1,754,039	-	1,754,039
Net gain on beneficial interest in investments held by the Dayton Foundation	41,395	133,430	174,825
Change in net assets	(373,597)	282,695	(90,902)
Net assets, beginning of year	2,666,214	1,142,340	3,808,554
Net assets, end of year	$ 2,292,617	1,425,035	3,717,652

See accompanying notes to financial statements.

		Program Services	Administration	Fundraising	Cost of Direct Benefits to Donors	Total
Salaries	$	551,258	41,344	96,470	-	689,072
Payroll taxes		52,682	3,951	9,219	-	65,852
Health insurance		63,630	4,772	11,135	-	79,537
Retirement contribution		9,742	731	1,705	-	12,178
Auto		758	-	395	-	1,153
House supplies		30,125	-	-	-	30,125
Maintenance and repairs		37,599	809	2,021	-	40,429
Property and liability insurance		10,136	218	545	-	10,899
Real estate taxes		3,906	84	210	-	4,200
Telephone		14,031	302	754	-	15,087
Utilities		36,118	777	1,942	-	38,837
Bank charges		7,322	157	394	-	7,873
Dues, subscriptions, and memberships		150	2,817	222	-	3,189
Meetings, training, and seminars		2,595	13,841	4,343	-	20,779
Payroll administration		2,047	154	358	-	2,559
Depreciation		113,714	2,446	6,115	-	122,275
Office supplies		18,152	377	1,074	-	19,603
Postage and shiping		-	694	94,998	-	95,692
Professional fees		18,528	62,721	364	-	81,613
Consulting fees		19,439	1,218	2,458	-	23,115
Contract labor		67,852	10,452	1,205	-	79,509
Taxes and licenses		60	802	-	-	862
Volunteer and donor recognition		535	188	277	-	1,000
Printing and publishing		630	-	9,329	-	9,959
Donated goods and services		107,208	-	8,069	-	115,277
Special events		-	-	3,348	49,052	52,400
Grant expense		100,000	-	-	-	100,000
Miscellaneous		18,223	3,369	808	-	22,400
Total functional expenses	$	1,286,440	152,224	257,758	49,052	1,745,474

See accompanying notes to financial statements.

	Program Services	Administration	Fundraising	Cost of Direct Benefits to Donors	Total
Salaries	$ 377,549	38,395	223,969	-	639,913
Payroll taxes	35,806	3,641	21,240	-	60,687
Health insurance	47,821	4,863	28,368	-	81,052
Retirement contribution	7,080	720	4,201	-	12,001
Auto	1,548	-	477	-	2,025
House supplies	27,955	-	-	-	27,955
Maintenance and repairs	39,931	852	2,131	-	42,914
Property and liability insurance	12,539	270	674	-	13,483
Real estate taxes	4,639	100	249	-	4,988
Telephone	10,996	237	591	-	11,824
Utilities	35,880	772	1,929	-	38,581
Bank charges	10,790	232	580	-	11,602
Dues, subscriptions, and memberships	140	2,802	819	-	3,761
Meetings, training, and seminars	5,858	9,576	770	-	16,204
Payroll administration	1,422	145	844	-	2,411
Depreciation	112,022	2,409	6,023	-	120,454
Office supplies	11,809	242	603	-	12,654
Postage and shipping	-	264	83,997	-	84,261
Professional fees	17,725	39,145	361	-	57,231
Consulting fees	17,662	380	4,374	-	22,416
Contract labor	51,135	3,026	31,647	-	85,808
Taxes and licenses	330	1,643	340	-	2,313
Volunteer and donor recognition	451	396	1,678	-	2,525
Printing and publishing	1,957	-	4,497	-	6,454
Donated goods and services	97,776	-	7,360	-	105,136
Special events	-	-	3,770	82,377	86,147
Grant expense	126,800	-	-	-	126,800
Miscellaneous	12,669	10,746	2,277	-	25,692
Total functional expenses	$ 1,070,290	120,856	433,769	82,377	1,707,292

See accompanying notes to financial statements.

	2018	2017
Cash flows from operating activities:		
Change in net assets	$ (446,787)	(90,902)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	122,275	120,454
Net loss (gain) on beneficial interests in investments held by the Dayton Foundation	119,545	(174,825)
Change in unamortized discount of pledges due in more than one year	(3,635)	5,558
Donated property and equipment	(14,500)	(5,000)
Effects of change in operating assets and liabilities:		
Contributions receivable	54,823	(85,904)
Accounts receivable	18,607	2,553
Legal settlement receivable	-	75,000
Prepaid expenses	3,453	15,462
Accounts payable	(2,533)	39,988
Accrued payroll and other	1,467	3,921
Net cash flows from operating activities	(147,285)	(93,695)
Cash flows from investing activities:		
Purchases of property and equipment	(27,338)	(39,117)
Withdrawals from beneficial interest in investments held by the Dayton Foundation	150,000	150,000
Net cash flows from investing activities	122,662	110,883
Change in cash and cash equivalents	(24,623)	17,188
Cash and cash equivalents, beginning of year	120,641	103,453
Cash and cash equivalents, end of year	$ 96,018	120,641
Supplemental disclosure of cash flow information:		
Acquisition of property and equipment through in-kind donations	$ 14,500	5,000

See accompanying notes to financial statements.

1. NATURE OF THE ORGANIZATION:

Ronald McDonald House Charities of the Miami Valley Region, Inc. (the “Organization”) is a not-for-profit organization formed in 1978 to operate a Ronald McDonald House. The Organization provides residential living quarters for families of hospitalized children from the Greater Miami Valley area and operates Ronald McDonald House Family Rooms at Dayton Children’s Hospital and Miami Valley Hospital. The Organization is supported primarily through donor contributions and grants.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following accounting principles and practices of the Organization are set forth to facilitate the understanding of data presented in the financial statements:

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The Organization reports information and activities on the basis of net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are created only by donor-imposed restrictions on their use. When a restriction expires, that is, when a stipulated purpose restriction is accomplished or time restriction ends, net assets with donor restrictions are reclassified to net assets without donor restrictions. All other net assets, including board-designated or appropriated amounts, are classified as net assets without donor restrictions.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Adoption of new accounting standard

The Organization has adopted Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, issued by the Financial Accounting Standards Board (FASB). The ASU improves (1) the understandability of net asset classifications by summarizing net assets into two categories, with donor restrictions and without donor restrictions, (2) the information presented about an entity’s liquidity and resources available to meet cash needs for general expenditures within one year, (3) the consistency in the type of information provided about investment return and (4) the disclosure of expenses by their natural classification and function, including the allocation methodologies used in the presentation of the statements of functional expenses.

The standard was adopted effective January 1, 2018 and applied retrospectively. The adoption of this new standard had no impact on net assets as December 31, 2018 and 2017 or on changes in net assets for the years then ended.

Cash and cash equivalents

Interest-bearing deposits and short-term investments with original maturities of three months or less are classified as cash equivalents. Periodically during the year, the Organization has cash deposits in banks in excess of federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with its cash on deposit with financial institutions.

Accounts receivable

The Organization periodically evaluates its accounts receivable and establishes an allowance for uncollectible amounts, based on current creditworthiness, past experience and recent economic conditions. The Organization considered all its accounts receivable to be fully collectible. Therefore, no allowance for doubtful accounts has been recorded at December 31, 2018 and 2017.

Contributions receivable

At December 31, 2018 and 2017, the Organization had contributions receivable totaling $100,000 and $154,823, respectively, which represent unconditional promises to contribute cash over specified time-periods. Contributions receivable were recorded net of a discount for present value of pledges due beyond one year of $1,923 and $5,558 at December 31, 2018 and 2017, respectively.

Management reviews contributions receivable balances and estimates the portion, if any, of the balance that will not be collected based on information known about donors, past experience and recent economic conditions. Amounts considered uncollectible are written off when the facts are determined; therefore, no allowance for doubtful accounts is provided in the valuation of contributions receivable. The allowance for doubtful accounts is considered a significant estimate as it is subject to material change in the near future.

Property and equipment

Property and equipment are stated at cost, if purchased, or estimated fair value, if donated, at the date of donation. Additions of $2,500 or more, either individually or as part of a project, are capitalized. Maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

Revenue recognition

Contributions are recognized as revenue in the period the unconditional promise is made. Conditional promises are recorded as revenue when the conditions are substantially met. Contributions, grants, and bequests are recognized with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restriction.

Investment income is recognized when earned.

Donated assets, property and equipment, and services

Donated marketable securities, property and equipment, and other noncash donations are recorded as contributions at their fair values at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. A number of volunteers have donated time in support of the Organization and its programs. Since these services do not meet the requirements for recognition, the value thereof is not reflected in the accompanying financial statements.

Advertisings costs

Advertising costs are expensed as incurred.

Income taxes
The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. However, income, if any, from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(1). Management does not believe the Organization has any unrelated business income tax due.

The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Allocation of functional expenses
The statements of functional expenses report expenses based on their functional classification: program services, administration or fundraising. Expenses that are directly attributable to a specific function are charged directly to the related functional category. Certain expenses are attributable to multiple functional categories and require allocation. Such expenses include salaries, payroll taxes and benefits of personnel that have responsibilities in multiple areas. Such personnel costs are allocated on the basis of estimates of time and effort. In addition, facilities related costs such as depreciation, insurance, maintenance and repairs, telephone and utilities are allocated based on square footage utilized.

Reclassifications
Certain items from 2017 have been reclassified to conform to current year presentation. Such reclassifications had no impact on net assets or changes in net assets.

Subsequent events
The Organization has evaluated subsequent events through the report date, the date the financial statements were available to be issued.

3. CONTRIBUTIONS RECEIVABLE:
Contributions receivable at December 31, 2018 and 2017 were as follows:

		2018	2017
Due in less than one year	$	50,000	54,823
Due in one to three years		50,000	100,000
Less discount at 4% for present value of pledges due beyond one year		(1,923)	(5,558)
	$	98,077	149,265

4. PROPERTY AND EQUIPMENT:
The following is a summary of property and equipment at December 31:

		2018	2017
Land and improvements	$	399,298	399,298
Buildings and improvements		3,316,182	3,316,182
Equipment		427,205	385,367
		4,142,685	4,100,847
Less: Accumulated depreciation		2,036,280	1,914,005
	$	2,106,405	2,186,842

5. BENEFICIAL INTERESTS IN INVESTMENTS HELD BY THE DAYTON FOUNDATION:

The Organization had previously established charitable funds with The Dayton Foundation, a community foundation, for which the Organization is the named beneficiary. The beneficial interest in investments held totaling $1,088,066 and $1,357,611 at December 31, 2018 and 2017, respectively, represents amounts contributed by the Organization, plus any net subsequent earnings retained in these funds. The original amounts transferred to The Dayton Foundation to create these funds included perpetual donor restrictions in the amount of $521,250. Net investment earnings of the funds are included in the statements of activities as net gain (loss) on beneficial interests in investments held by The Dayton Foundation.

6. COMMUNITY FOUNDATION FUNDS:

The Organization is the beneficial recipient of funds held at The Dayton Foundation. The balance of these funds allocable to the Organization was $367,155 and $415,576 as of December 31, 2018 and 2017, respectively. The contributions to these funds were made by donors other than the Organization. The Dayton Foundation has variance power over these funds by agreement with the donors. The Dayton Foundation distributes income annually to the Organization as a beneficiary of the funds. In accordance with GAAP, the Organization has not recorded a beneficial interest in the principal amounts because the funds are held by The Dayton Foundation and subject to the variance power embedded in The Dayton Foundation's bylaws.

7. ENDOWMENT FUNDS:

The Organization's endowment consists of funds held by The Dayton Foundation to support the mission and vision of providing residential living quarters for families of hospitalized children from the Greater Miami Valley area and to operate Ronald McDonald House Family Rooms at Dayton Children's Hospital and Miami Valley Hospital. The Organization has adopted the investment policy of The Dayton Foundation related to these funds. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as an endowment. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The Board of Trustees of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment and (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with the standard practice prescribed by UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (a) the duration and preservation of the various funds; (b) the purposes of the donor-restricted endowment funds; (c) general economic conditions; (d) the possible effect of inflation and deflation; (e) the expected total return from income and the appreciation of investments; (f) other resources of the Organization; and (g) the investment policies adopted by the Organization.

Return objectives and risk parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity. Under this policy, as approved by the Board of Trustees, the endowment assets are invested through The Dayton Foundation in a manner that is intended to produce results that exceed the price and yield results of various indexes while assuming a moderate level of investment risk. The Dayton Foundation's objective for the endowment funds, over a moving five-year period, is for the total return to exceed inflation, as measured by the Consumer Price Index, by 4.0%. Actual returns in any given year may vary from this amount.

Strategies employed for achieving objectives
To satisfy its long-term rate-of-return objectives, the Organization relies on the investment policy of The Dayton Foundation, which focuses on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Through the investments maintained at The Dayton Foundation, the Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to spending policy
The Organization has a policy of appropriating for distribution the funds needed as determined by the Board of Trustees. In determining the appropriation amount the Board of Trustees considers both the long term expected return on its endowment as well as the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Endowment net asset composition by type of fund as of December 31, 2018 was as follows:

		Without Donor Restrictions	With Donor Restrictions	Total
Donor - restricted endowment	$	-	1,060,582	1,060,582
Board - designated endowment		27,484	-	27,484
	$	27,484	1,060,582	1,088,066

Endowment net asset composition by type of fund as of December 31, 2017 was as follows:

		Without Donor Restrictions	With Donor Restrictions	Total
Donor - restricted endowment	$	-	1,275,770	1,275,770
Board - designated endowment		81,841	-	81,841
	$	81,841	1,275,770	1,357,611

The changes in endowment net assets for the years ended December 31, 2018 and 2017 were as follows:

		Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, December 31, 2016	$	190,446	1,142,340	1,332,786
Net gain on beneficial interest in investments held by the Dayton Foundation		41,395	133,430	174,825
Appropriation of assets for expenditure		(150,000)	-	(150,000)
Endowment net assets, December 31, 2017		81,841	1,275,770	1,357,611
Net loss on beneficial interest in investments held by the Dayton Foundation		(4,357)	(115,188)	(119,545)
Appropriation of assets for expenditure		(50,000)	(100,000)	(150,000)
Endowment net assets, December 31, 2018	$	27,484	1,060,582	1,088,066

8. FAIR VALUE MEASUREMENTS:

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Organization has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

Following is a description of the valuation methodologies used for assets measured at fair value:

Beneficial interest in investments held by The Dayton Foundation: The Organization maintains units of participation in a pooled investment account held at a local financial institution. The investment pool maintains an asset allocation that distributes the pool's investments into a variety of classes including equity securities, fixed income securities, and mutual funds. The fair value as reported by The Dayton Foundation is based on the fair value of the individual securities within the pooled account as determined by the custodian using quoted market prices and other techniques.

The methods previously described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization's management believes that the 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.

Fair values of assets measured at fair value at December 31, 2018 are as follows:

	Fair Value Measurements at Reporting Date Using:			
	Total	Level 1	Level 2	Level 3
Beneficial interests in investments held by The Dayton Foundation	$ 1,088,066	-	-	1,088,066

Fair values of assets measured at fair value at December 31, 2017 are as follows:

	Fair Value Measurements at Reporting Date Using:			
	Total	Level 1	Level 2	Level 3
Beneficial interests in investments held by The Dayton Foundation	$ 1,357,611	-	-	1,357,611

The table below presents information about fair value measurements that use significant unobservable inputs (Level 3):

	2018	2017
Balance, beginning of year	$ 1,357,611	1,332,786
Net gain (loss) on beneficial interests in investments held by The Dayton Foundation	(119,545)	174,825
Withdrawals	(150,000)	(150,000)
Balance, end of year	$ 1,088,066	1,357,611

9. NET ASSETS WITH DONOR RESTRICTIONS:
Net assets with donor restrictions are for the following purposes and periods as of December 31:

		2018	2017
Subject to spending policy and appropriation:			
Upon appropriation, amounts expendable to support			
Ronald McDonald House operations:			
Original gift amount required to be maintained in			
perpetuity by donor	$	521,250	521,250
Accumulated gain		539,332	754,520
Subject to the passage of time:			
Pledges receivable		98,077	149,265
Total net assets with donor restrictions	$	1,158,659	1,425,035

10. RETIREMENT PLAN:
The Organization sponsors a Simple IRA for substantially all employees. The Organization matches 100% of employee contributions up to 3% of the employee's compensation. The contribution to the Plan for the years ended December 31, 2018 and 2017 was $12,178 and $12,001, respectively.

11. TRANSACTIONS WITH NATIONAL ORGANIZATION:
Ronald McDonald House Charities (RMHC) is a system of independent, separately registered public benefit organizations, referred to as "Chapters" within the global organization. The Organization is an independent operating Chapter within the RMHC system. Each Chapter is licensed by McDonald's Corporation and Ronald McDonald House Charities, Inc. to use RMHC related trademarks in conjunction with fundraising activities and the operation of its programs; the license agreement also sets standards of operations for programs, governance, finance, branding, and reporting.

Ronald McDonald House Charities, Inc. (RMHC Global), a separately registered nonprofit organization, ensures delivery of the mission across the globe. As a center of excellence, RMHC Global builds and sustains a robust infrastructure of support to the network of Chapters, including operations, licensing and compliance, finance, risk management, communications, marketing and development. During 2017, the Organization remitted to RMHC Global, 25% of its revenues from all national fundraising efforts facilitated by RMHC Global, as defined by the license agreement. During the year ended December 31, 2017, the Organization paid $46,767 to RMHC Global under this agreement. During 2018, RMHC Global began to directly administer certain national fundraising efforts, such as collecting and allocating donations made through local restaurant collection boxes. Beginning in 2018, the Organization receives 75% of net revenues from all national fundraising efforts facilitated by RMHC Global, as defined by the license agreement. During the years ended December 31, 2018 and 2017, the Organization received $118,019 and $186,297, respectively, from these revenue streams.

12. LIQUIDITY DISCLOSURES:
The Organization maintains financial assets, consisting of cash and short-term investments, on hand to meet its normal operating expenses based on its annual budget. Operating expenses are compared to budgeted expenses on a monthly basis and financial assets on hand are adjusted as necessary. In addition, funds maintained in beneficial interest in investments held by The Dayton Foundation that are in excess of donor restricted amounts to be held in perpetuity, may be appropriated for expenditure by the Board to meet cash needs.

The following table presents the financial assets available to meet cash needs for general expenditures within one year at December 31:

		2018	2017
Financial assets:			
Cash and cash equivalents	$	96,018	120,641
Contributions receivable - current		50,000	54,823
Accounts receivable		26,673	45,280
Beneficial interest in investments held by The Dayton Foundation		1,088,066	1,357,611
Financial assets available at year-end		1,260,757	1,578,355
Less those unavailable for general expenditures within one year due to:			
Contributions receivable with purpose restrictions		50,000	54,823
Donor restricted endowment held in perpetuity		521,250	521,250
		571,250	576,073
Financial assets available to meet cash needs for general expenditures within one year	$	689,507	1,002,282

13. RECENT PRONOUNCEMENTS:
In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. Since the issuance of this standard, there have been several additional standards issued related to this topic. The standard's core principle is that an organization will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. This standard will be effective for the Organization's year ending December 31, 2019.

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The standard will assist entities in determining whether grants and similar revenue sources should be accounted for as contribution (nonreciprocal) transactions or as exchange (reciprocal) transactions. The standard also provides expanded guidance on determining whether a contribution is conditional. This standard will be effective for the Organization's year ending December 31, 2019.

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset with a corresponding lease liability on the statement of financial position at the date of the lease commencement. Leases will be classified as either financing or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the Organization’s year ending December 31, 2021.

The Organization is currently in the process of evaluating the impact of adoption of these ASUs on the financial statements.