

**RONALD MCDONALD HOUSE  
OF AMARILLO  
FINANCIAL STATEMENTS**

**Years Ended December 31, 2017 and 2016**

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**INDEPENDENT AUDITOR'S REPORT**

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

I have audited the accompanying financial statements of Ronald McDonald House Charities of Amarillo, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ronald McDonald House Charities of Amarillo, Inc. as of December 31, 2017 and 2016, 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.

*Victor B. Glenn*

Amarillo, TX  
July 26, 2018

RONALD MCDONALD HOUSE CHARITEIS OF AMARILLO, INC.  
STATEMENTS OF FINANCIAL POSITION  
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 277,731	\$ 312,816
Investments	1,047,462	867,315
Promises to give	1,950	-
Prepaid expenses	14,068	12,230
Total current assets	1,341,211	1,192,361
Property and equipment (net)	1,266,913	1,314,677
Other assets		
Investments held for endowment purposes	647,203	647,203
Total assets	\$ 3,255,327	\$ 3,154,241
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	\$ 9,499	\$ 27,470
Accrued liabilities	6,585	3,105
Total current liabilities	16,084	30,575
<b>NET ASSETS</b>		
Unrestricted:		
Invested in property and equipment	1,266,913	1,314,676
Designated for expansion and renovation	30,074	30,074
Undesignated	1,290,053	1,116,713
Total unrestricted net assets	2,587,040	2,461,463
Temporarily restricted	5,000	15,000
Permanently restricted	647,203	647,203
Total net assets	3,239,243	3,123,666
Total liabilities and net assets	\$ 3,255,327	\$ 3,154,241

See accompanying notes

RONALD MCDONALD HOUSE CHARITIES OF AMARILLO, INC.  
STATEMENTS OF ACTIVITIES  
For the Years ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>UNRESTRICTED NET ASSETS</b>		
Revenue and other support		
Contributions and grants	\$ 470,321	\$ 404,248
Room donations	51,547	75,455
Fundraising events	94,725	98,061
Less direct benefits to donors	(29,264)	(35,766)
Investment income, net of fees \$11,592 and \$10,351 in 2017 and 2016, respectively	40,077	37,650
Realized and unrealized gain(loss) on investments	185,735	138,252
Royalties	5,640	4,435
Other income	705	1,217
Total unrestricted revenue	819,486	723,552
Net assets released from restrictions	10,000	6,544
Total unrestricted revenue and other support	829,486	730,096
 Expenses		
Program	506,575	451,236
Management and general	90,858	79,354
Fund-raising	100,437	114,148
Total expenses	697,870	644,738
 Unallocated payments to RMHC Global		
	6,039	8,975
Total expenses and payments	703,909	653,713
Increase in unrestricted net assets	125,577	76,383
 <b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions	-	10,000
Net assets released from restrictions	(10,000)	(6,544)
Increase in restricted net assets	(10,000)	3,456
Increase in net assets	115,577	79,839
 Net assets at beginning of year		
	3,123,666	3,043,827
Net assets at end of year	\$ 3,239,243	\$ 3,123,666

See accompanying notes

RONALD MCDONALD HOUSE CHARITIES OF AMARILLO, INC.  
STATEMENTS OF CASH FLOWS  
Years Ended December 31, 2017 and 2016

	2017	2016
Cash Flows From Operating Activities		
Increase in net assets	\$ 115,577	\$ 79,840
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and other adjustments	64,645	64,386
Realized and unrealized (gains) losses on investments	(175,108)	(138,252)
Non-cash contributions for property	(5,600)	-
Decrease (increase) in operating assets:		
Prepaid expenses	(1,839)	(5,196)
Accounts receivable	(1,950)	-
Increase (decrease) in operating liabilities:		
Accounts payable	(17,971)	19,845
Accrued liabilities	3,481	(2,811)
Net cash provided (used) by operating activities	(18,765)	17,812
 Cash Flows From Investing Activities		
Proceeds from sale of investments	155,337	190,592
Purchase of investments	(160,376)	(204,720)
Purchase of property and equipment	(11,281)	(152,168)
Net cash used by investing activities	(16,320)	(166,296)
Net decrease in cash and cash equivalents	(35,085)	(148,484)
Cash and Cash Equivalents, Beginning of Year	312,816	461,300
Cash and Cash Equivalents, End of Year	\$ 277,731	\$ 312,816
 Supplemental Disclosure		
Noncash investing and financing transaction:		
Donated Furniture & Fixtures	\$ 5,600	\$ -

See accompanying notes

RONALD MCDONALD HOUSE OF AMARILLO  
STATEMENT OF FUNCTIONAL EXPENSE  
For the Year Ended December 31, 2017

	Program Services	Management and General	Fund-raising activities	2017 Total
Salaries	\$ 186,125	\$ 31,775	\$ 29,377	\$ 247,277
Employee benefits	26,440	4,514	4,173	35,127
Payroll taxes	13,947	2,381	2,201	18,529
Employment expenses	<u>226,512</u>	<u>38,670</u>	<u>35,751</u>	<u>300,933</u>
Contract services	1,661	162	203	2,026
Dues, fees and subscriptions	159	1,428	-	1,587
Family room	38,734	-	-	38,734
Family support	8,541	-	-	8,541
House Supplies	6,092	-	-	6,092
Other Supplies	46,353	2,440	2,973	51,766
Insurance	26,975	6,744	-	33,719
Postage and printing	1,227	5,523	47,880	54,631
Professional fees	-	10,340	10,000	20,340
Public Relations	-	-	2,613	2,613
Rents	1,502	1,502	-	3,004
Repairs and maintenance	59,535	-	-	59,535
Utilities and telephone	24,422	3,700	814	28,936
Vehicle and travel	2,438	12,103	203	14,744
Volunteer recognition	2,989	528	-	3,517
Depreciation	58,181	6,465	-	64,646
Miscellaneous	1,253	1,253	-	2,506
Total	<u>\$ 506,575</u>	<u>\$ 90,858</u>	<u>\$ 100,437</u>	<u>\$ 697,870</u>

See accompanying notes

RONALD MCDONALD HOUSE OF AMARILLO  
STATEMENT OF FUNCTIONAL EXPENSE  
For the Year Ended December 31, 2016

	Program Services	Management and General	Fund-raising activities	2016 Total
Salaries	\$ 166,786	\$ 28,473	\$ 26,324	\$ 221,583
Employee benefits	14,704	2,510	2,321	19,535
Payroll taxes	12,586	2,149	1,986	16,721
Employment expenses	194,076	33,132	30,631	257,839
Contract services	1,003	98	122	1,223
Dues, fees and subscriptions	254	2,286	-	2,540
Family room	39,516	-	-	39,516
Family support	8,382	-	-	8,382
House Supplies	5,154	-	-	5,154
Other Supplies	55,968	2,946	1,950	60,864
Insurance	24,526	6,132	-	30,658
Postage and printing	402	1,807	59,436	61,645
Professional fees	-	16,709	15,000	31,709
Public Relations	-	-	4,588	4,588
Rents	653	653	1,000	2,306
Repairs and maintenance	26,366	-	-	26,366
Utilities and telephone	25,809	2,007	861	28,677
Vehicle and travel	6,719	3,919	560	11,198
Volunteer recognition	1,497	264	-	1,761
Depreciation	57,947	6,439	-	64,386
Miscellaneous	2,964	2,962	-	5,926
Total	<u>\$ 451,236</u>	<u>\$ 79,354</u>	<u>\$ 114,148</u>	<u>\$ 644,738</u>

See accompanying notes



RONALD McDONALD HOUSE CHARITIES OF AMARILLO, INC.  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2017 and 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Ronald McDonald House Charities of Amarillo, Inc. (the Organization) was formed to build and operate a facility to serve as temporary housing for children and the families of such children who travel to Amarillo, Texas, and are receiving medical treatment in Amarillo. The Organization staffs and provides a room at Northwest Texas Hospital, referred to as the Family Room, utilizing volunteers and donated goods so families have a place to relax at the hospital while being close to their child. The Organization also provides support to various organizations established and operated exclusively for charitable, scientific, or educational purposes which engage in educating or providing for needs of children or carrying on research to aid in the diagnosis and treatment of physical and mental diseases and disorders of children.

Basis of Presentation

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applicable to voluntary health and welfare organizations.

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Unrestricted net assets* - net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

*Temporarily restricted net assets* - net assets that are subject to donor-imposed stipulations that may or will be met by the occurrence of a specific event or the passage of time. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

*Permanently restricted net assets* - net assets required to be maintained in perpetuity, due to donor-imposed restrictions. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specified purposes.

RONALD McDONALD HOUSE CHARITIES OF AMARILLO, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2017 and 2016

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers cash in operating bank accounts, cash on hand and all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) on temporarily restricted support received in one year and expended in a future year, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated equipment, materials and supplies are reflected as contributions in the accompanying financial statements at their estimated values at date of receipt. Amounts reflected in the accompanying financial statements for donated services are based on the value of such services available at the date of receipt. Volunteers have donated a significant amount of time for the Organization's program services as discussed in Note 10.

Unconditional promises to give that are 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 calculated using yield rates applicable to the years in which the pledges are received and reduce the pledge amounts in the year the pledge is received. Subsequent amortization of the discounts is recorded as an increase to contribution revenue. At December 31, 2017 and 2016, the Organization had no unconditional promises to give.

RONALD McDONALD HOUSE CHARITIES OF AMARILLO, INC.  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2017 and 2016

Investment Securities

Marketable equity and all debt securities are stated at fair value as of December 31, 2017 and 2016. The realized and unrealized gains and losses on investments are recorded as increases or decreases in unrestricted, temporarily restricted or permanently restricted net assets based upon donor-imposed restrictions or applicable law.

The fair values of marketable equity and marketable debt securities are based on quoted market prices. The historical cost of money market funds and certificates of deposit approximates fair value because of the short maturity of those instruments. Fair values of notes receivable, real estate and other investments are generally estimated to approximate amortized cost.

Property and Equipment

Property and equipment are recorded at cost. Donated property and equipment are recorded at fair value as of the date of donation and are depreciated in the same manner as purchased assets. The Organization capitalizes all property and equipment with a value greater than \$500. Gains or losses on dispositions of property and equipment are included in the change in net assets.

Depreciation is provided on the straight-line method over the estimated useful lives of the related assets, as follows:

Building and improvements	30 years
Furniture, fixtures and equipment	3-8 years
Transportation equipment	5 years

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is noted. If the carrying amount for the asset is not recoverable, the value is written down to the asset's fair value.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provision for federal income tax in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

RONALD McDONALD HOUSE CHARITIES OF AMARILLO, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 For the Years Ended December 31, 2017 and 2016

Fair Value of Financial Instruments

The estimated fair value amounts for specific groups of financial instruments are presented within the footnotes applicable to such items. Accounts receivable and accounts payable are stated at cost, which approximates fair value, due to their short term to maturity.

NOTE 2 – PROPERTY AND EQUIPMENT

At December 31, 2017 and 2016, property and equipment consisted of the following:

	<u>2017</u>	<u>2016</u>
Land	\$ 4,130	\$ 4,130
Buildings and improvements	2,689,082	2,677,801
Furniture, fixtures and equipment	312,380	306,780
Transportation	53,793	53,793
Total, at cost	<u>3,059,385</u>	<u>3,042,504</u>
Less: accumulated depreciation	<u>(1,792,472)</u>	<u>(1,727,827)</u>
Property and equipment, net	<u>\$ 1,266,913</u>	<u>\$ 1,314,677</u>

Depreciation expense for the years ended December 31, 2017 and 2016 was \$64,645 and \$64,386, respectively.

NOTE 3 – PERMANENTLY RESTRICTED NET ASSETS

On March 1, 1993, the Organization received a gift from Joan Kroc of 10,000 shares of McDonald's Corporation common stock valued at that date at \$496,250. The stock was sold subsequent to the gift and proceeds equal to the value of the stock at the date of gift have been included in permanently restricted net assets as the original gift is to be held in perpetuity. The income may be used for operating expenses of the Organization, but not for capital expenditures.

A \$100,000 donation from the Sybil B Harrington Living Trust was received in October, 2006 that was permanently restricted as an endowment. The earnings are available for general operations each year.

Funds in the amount of \$53,953 were from the funds raised to build the Organization's facility in 1983 that remained after construction was completed. These funds were added to the endowment due to the permanent restriction of the funds received for long-term purposes. The income is available for general operations each year.

RONALD McDONALD HOUSE CHARITIES OF AMARILLO, INC.  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2017 and 2016

NOTE 4 - ENDOWMENTS

The Organization's endowment consists of funds established for the ongoing operations of the Organization. Its endowment balances include donor-restricted endowments. As required by accounting principles generally accepted in the United States of America, 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 Directors of the Organization has interpreted Texas' enacted Uniform Prudent Management of Institutional Funds Act (the Act) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the Act. In accordance with the Act, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purpose of the Organization and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Organization
- 7) The investment policies of 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 Directors, the endowment assets are invested in a manner that is intended to produce reasonable income while preserving capital. In addition, the objective is to maintain a minimum reserve of approximately two years' operating budget excluding depreciation. Actual returns in any given year may vary from this amount.

RONALD McDONALD HOUSE CHARITIES OF AMARILLO, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 For the Years Ended December 31, 2017 and 2016

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy that allows the Organization to appropriate any future interest or investment income generated from the fund.

Strategies Employed for Achieving Objective

The Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

Endowment Net Assets

The following is a summary of endowment net assets composition by type of fund for both December 31, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ -	\$ 94,195	\$ 647,203	\$ 741,398
Investment Income	-	19,861	-	19,861
Net appreciation (realized and unrealized)	-	110,359	-	110,359
Appropriated for expenditure	-	(5,885)	-	(5,885)
Contributions	-	-	-	-
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 218,530</u>	<u>\$ 647,203</u>	<u>\$ 865,733</u>

The following is a summary of endowment net assets composition by type of fund for both December 31, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ (6,632)	\$ -	\$ 647,203	\$ 640,571
Investment Income	-	26,943	-	26,943
Net appreciation (realized and unrealized)	6,632	72,428	-	79,060
Appropriated for expenditure	-	(5,176)	-	(5,176)
Contributions	-	-	-	-
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 94,195</u>	<u>\$ 647,203</u>	<u>\$ 741,398</u>

RONALD McDONALD HOUSE CHARITIES OF AMARILLO, INC.  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2017 and 2016

NOTE 5 - INVESTMENTS

The following is a summary of the carrying and fair values of investments at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Common stock	\$ 662,991	\$ 590,497
U.S. Government	136,609	24,196
Corporate bonds and notes	134,509	154,025
Mutual funds	580,531	549,839
Municipal bonds and notes	103,415	103,415
Alternatives	<u>76,610</u>	<u>92,546</u>
Total	<u>\$ 1,694,665</u>	<u>\$ 1,514,518</u>

The following is a summary of the investment returns (losses) as of December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Summary of investment returns (losses):		
Interest and dividend income	\$ 51,079	\$ 54,070
Realized gains (losses) – (net)	701	(302)
Unrealized gains (losses)	<u>189,463</u>	<u>114,306</u>
Total	<u>\$ 241,243</u>	<u>\$ 168,074</u>

NOTE 6 - EMPLOYEE BENEFIT PLAN

The Organization adopted a 401(k) plan covering substantially all employees meeting minimum eligibility requirements on January 1, 1998. To become eligible, an employee must complete one year of service comprising 1,000 hours and attain age 21. Employees may elect to defer up to 15% of their annual salary. The Organization will match 50% of the first 6% of deferred salary for each participant in the plan who makes elective deferrals. During the years ended December 31, 2017 and 2016, the Organization contributed \$3,750 and \$3,873 respectively, to the plan as matching contributions.

NOTE 7 - CONCENTRATION OF CREDIT RISK

The Organization has various interest-bearing accounts on deposit with other financial institutions that are insured by the FDIC up to \$250,000. As of December 31, 2017 and 2016, all deposits were adequately covered by the FDIC insurance.

RONALD McDONALD HOUSE CHARITIES OF AMARILLO, INC.  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2017 and 2016

NOTE 8 - FAIR VALUE MEASUREMENTS

The Organization has adopted FASB's guidance on fair value measurements. The standard establishes a three-level valuation hierarchy for disclosure based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). An asset's fair value measurement level within the hierarchy is based on the lowest level of input that is significant to the valuation.

The three levels are defined as follows:

- Level 1 - Inputs to the valuation methodology are quoted prices for identical assets or liabilities in active markets.
- Level 2 - Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were used only when Level 1 or Level 2 inputs were not available. The Organization has no Level 3 investments.

For the valuation of common stock and mutual funds at December 31, 2017 and 2016, the Organization used quoted prices in principal active markets for identical assets as of the valuation date (Level 1).

For the valuation of government mortgage-backed securities, corporate bonds and notes, municipal bonds and notes and common trust funds at December 31, 2017 and 2016, the Organization used significant other observable inputs, particularly dealer market prices for comparable investments as of the valuation date (Level 2).



RONALD McDONALD HOUSE CHARITIES OF AMARILLO, INC.  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2017 and 2016

Assets Measured at Fair Value on a Recurring Basis

Investments as of December 31, 2017:

	<u>Fair Value Measurements Using:</u>		
	<u>Fair Value</u>	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
December 31, 2017			
Investments:			
Common stock	\$ 662,991	\$ 662,991	\$ -
U.S. Government agencies	136,609	-	136,609
Corporate bonds and notes	134,509	-	134,509
Mutual funds	580,531	580,531	-
Municipal bonds and notes	76,610	-	76,610
Alternatives	103,415	-	103,415
	<u>\$ 1,694,665</u>	<u>\$1,243,522</u>	<u>\$ 451,143</u>
Total			

Investments as of December 31, 2016:

	<u>Fair Value Measurements Using:</u>		
	<u>Fair Value</u>	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
December 31, 2016			
Investments:			
Common stock	\$ 590,497	\$ 590,497	\$ -
U.S. Government	24,196	-	24,196
Corporate bonds and notes	154,025	-	154,025
Mutual funds	549,839	549,839	-
Alternatives	92,546	-	92,546
Municipal bonds and notes	103,415	-	103,415
	<u>\$ 1,514,518</u>	<u>\$1,140,336</u>	<u>\$ 374,182</u>
Total			

RONALD McDONALD HOUSE CHARITIES OF AMARILLO, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 For the Years Ended December 31, 2017 and 2016

**NOTE 9 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at December 31, 2017 and 2016 are available for the following purposes as summarized below:

For the year ended December 31, 2017:

	Temporarily Restricted Net Assets Dec. 31, <u>2016</u>	Restricted Income During the <u>Year</u>	Restrictions <u>Released</u>	Temporarily Restricted Net Assets Dec. 31, <u>2017</u>
Restricted for:				
Family Room operations	\$ 5,000	\$ -	\$ -	\$ 5,000
Facility repairs	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
Total	<u>\$ 15,000</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 5,000</u>

For the year ended December 31, 2016:

	Temporarily Restricted Net Assets Dec. 31, <u>2015</u>	Restricted Income During the <u>Year</u>	Restrictions <u>Released</u>	Temporarily Restricted Net Assets Dec. 31, <u>2016</u>
Restricted for:				
Family Room operations	\$ 5,000	\$ -	\$ -	\$ 5,000
Facility repairs	<u>6,544</u>	<u>10,000</u>	<u>6,544</u>	<u>10,000</u>
Total	<u>\$ 11,544</u>	<u>\$ 10,000</u>	<u>\$ 6,544</u>	<u>\$ 15,000</u>

The Organization's Board has designated a portion of unrestricted net assets to be used for capital expenditures.

**NOTE 10 - IN-KIND DONATIONS**

Various in-kind donations were contributed to the Organization during the year. These donations have been recorded as in-kind contributions with offsetting amounts in the following asset or expense accounts:

RONALD McDONALD HOUSE CHARITIES OF AMARILLO, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
In-kind supplies	\$ 47,705	\$ 58,914
Donated property and equipment	5,600	-
Professional services	4,617	3,186
	\$ 57,622	\$ 62,100

The Organization also received contribution of service hours from volunteers. The total amount of volunteer hours for 2017 and 2016 was 10,502 and 10,055, respectively. The estimated value of these volunteer hours for 2017 and 2016 was \$264,701 and \$253,518 respectively. These values were determined from the average hourly wage for nonagricultural workers established by the Economic Report of the President. They are not included in the statement of activities, because they do not require a specialized skill as required by accounting principles generally accepted in the United States of America.

The Organization has the use throughout the year for space at a local hospital for family use. The estimated fair market value of the donated space is \$35,000. Also in 2016, the organization had the use of a facility for a fundraising event with an estimated value of \$1,000.

NOTE 11 – COMMITMENTS

In November, 2017, the Organization entered into a one year agreement for professional fundraiser services for a total contract amount of \$60,000. In 2017, \$10,000 was paid under this contract.

NOTE 12 - SUBSEQUENT EVENT

The Organization evaluated subsequent events through July 26, 2018, the date the financial statements were available to be issued.