RONALD MCDONALD HOUSE
OF NEW YORK, INC.

Keeping Families Close.

Financial Statements
(Together with Independent Auditors' Report)

Years Ended December 31, 2017 and 2016

MARKS PANETH

ACCOUNTANTS & ADVISORS

RONALD MCDONALD HOUSE OF NEW YORK, INC.

FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)

YEARS ENDED DECEMBER 31, 2017 AND 2016

CONTENTS

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MARKS PANETH
ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Ronald McDonald House of New York, Inc.

We have audited the accompanying financial statements of Ronald McDonald House of New York, Inc. (the "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.

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 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, 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 the Organization 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.

Marks Paneth LLP

New York, NY
April 27, 2018

RONALD MCDONALD HOUSE OF NEW YORK, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017 AND 2016

	2017	2016
ASSETS		
Cash (Notes 2B and 10)	$ 9,207,306	$ 4,381,309
Contributions and pledges receivable, net (Notes 2F, and 3)	2,958,321	3,991,806
Prepaid expenses and other receivables (Note 2F)	563,799	796,115
Investments (Notes 2G, 2H, 4, 7 and 12)	82,126,527	78,534,403
Restricted funds (Notes 4 and 12)	533,053	461,748
Property and equipment, net (Notes 2E, 2K, 5, and 6)	40,858,100	25,854,553
TOTAL ASSETS	$ 136,247,106	$ 114,019,934
LIABILITIES		
Accounts payable and accrued expenses (Note 7)	$ 3,642,440	$ 5,820,348
Refundable advances (Note 2P)	310,479	428,907
Bonds payable (Note 6)	14,691,811	-
TOTAL LIABILITIES	18,644,730	6,249,255
COMMITMENTS (Note 11**)**		
NET ASSETS (Note 2C)		
Unrestricted:		
Operations	85,799,097	57,051,523
Net investment in property and equipment	26,166,289	25,854,553
Designated for future use (Note 8)	1,792,548	19,836,088
Total unrestricted	113,757,934	102,742,164
Temporarily restricted (Note 8)	2,740,527	3,924,600
Permanently restricted (Notes 4 and 8)	1,103,915	1,103,915
TOTAL NET ASSETS	117,602,376	107,770,679
TOTAL LIABILITIES AND NET ASSETS	$ 136,247,106	$ 114,019,934

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

RONALD MCDONALD HOUSE OF NEW YORK, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2017 AND 2016

	Year Ended December 31, 2017				Year Ended December 31, 2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2017	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2016
PUBLIC SUPPORT AND REVENUE:								
Public Support:								
Special events revenue (Note 2L)	$ 9,510,386	$ -	$ -	$ 9,510,386	$ 8,183,949	$ -	$ -	$ 8,183,949
Less: cost of direct benefit to donors	(1,450,361)	-	-	(1,450,361)	(1,368,499)	-	-	(1,368,499)
Special events, net	8,060,025	-	-	8,060,025	6,815,450	-	-	6,815,450
Bequests (Note 2K)	238,337	-	-	238,337	110,394	-	-	110,394
Direct mail contributions	2,543,838	-	-	2,543,838	2,459,241	-	-	2,459,241
Contributions (Note 2N)	3,938,277	420,000	-	4,358,277	3,598,761	647,925	-	4,246,686
Total public support	14,780,477	420,000	-	15,200,477	12,983,846	647,925	-	13,631,771
Revenue:								
Room donation revenue (Note 2F)	400,001	-	-	400,001	491,750	-	-	491,750
Investment income (Note 4)	10,341,610	-	-	10,341,610	3,684,378	-	-	3,684,378
Other	2,800	-	-	2,800	16,035	-	-	16,035
Total revenue	10,744,411	-	-	10,744,411	4,192,163	-	-	4,192,163
Net assets released from restrictions (Note 8)	1,604,073	(1,604,073)	-	-	1,842,523	(1,842,523)	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	27,128,961	(1,184,073)	-	25,944,888	19,018,532	(1,194,598)	-	17,823,934
EXPENSES:								
Program Services								
Room rental	7,768,312	-	-	7,768,312	7,169,187	-	-	7,169,187
Volunteer activities	677,131	-	-	677,131	586,395	-	-	586,395
Education and support	1,275,162	-	-	1,275,162	1,012,692	-	-	1,012,692
Outreach programs	348,243	-	-	348,243	971,248	-	-	971,248
Total program services	10,068,848	-	-	10,068,848	9,739,522	-	-	9,739,522
Supporting Services:								
Management and general	1,532,968	-	-	1,532,968	1,262,883	-	-	1,262,883
Fundraising	4,251,861	-	-	4,251,861	3,732,242	-	-	3,732,242
Total supporting services	5,784,829	-	-	5,784,829	4,995,125	-	-	4,995,125
TOTAL EXPENSES	15,853,677	-	-	15,853,677	14,734,647	-	-	14,734,647
CHANGE IN NET ASSETS BEFORE LOSS DISPOSITION OF PROPERTY AND EQUIPMENT	11,275,284	(1,184,073)	-	10,091,211	4,283,885	(1,194,598)	-	3,089,287
Loss on disposition of property and equipment (Note 5)	(259,514)	-	-	(259,514)	-	-	-	-
CHANGE IN NET ASSETS	11,015,770	(1,184,073)	-	9,831,697	4,283,885	(1,194,598)	-	3,089,287
Net assets - beginning of year	102,742,164	3,924,600	1,103,915	107,770,679	98,458,279	5,119,198	1,103,915	104,681,392
NET ASSETS - END OF YEAR	$ 113,757,934	$ 2,740,527	$ 1,103,915	$ 117,602,376	$ 102,742,164	$ 3,924,600	$ 1,103,915	$ 107,770,679

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

RONALD MCDONALD HOUSE OF NEW YORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR 2016)

	For the Year Ended December 31, 2017								
	Program Services					Supporting Services			
	Room Rental	Volunteer Activities	Education & Support	Outreach Programs	Total Program	Management and General	Fundraising	Total 2017	Total 2016
Salaries	$ 1,922,707	$ 262,914	$ 475,112	$ 119,467	$ 2,780,200	$ 895,846	$ 1,102,200	$ 4,778,246	$ 4,293,671
Payroll taxes and employee benefits (Note 7)	509,221	79,104	116,199	36,141	740,665	238,698	293,694	1,273,057	1,228,006
Total Salaries and Related Costs	2,431,928	342,018	591,311	155,608	3,520,865	1,134,544	1,395,894	6,051,303	5,521,677
Occupancy	241,239	-	-	-	241,239	1,212	-	242,451	229,825
Special Projects	44,595	-	-	-	44,595	14,372	17,683	76,650	15,562
Repairs and maintenance (Note 2K)	500,657	-	-	-	500,657	2,516	-	503,173	373,638
Supplies (Note 2K)	305,060	798	574	456	306,888	29,000	24,258	360,146	335,527
Family activity expenses:									
Program entertainment and enrichment (Note 2K)	68,826	38,573	274,665	81,085	463,149	-	-	463,149	568,220
Trips, outings and parties	2,594	70,941	15,716	50,009	139,260	-	-	139,260	150,504
Education and counseling	-	-	7,038	-	7,038	-	-	7,038	17,326
Transportation and other	55,663	-	-	41,185	96,848	-	-	96,848	64,142
Hospital Family Room Construction Costs	-	-	-	1,869	1,869	-	-	1,869	470,013
Volunteer and staff recognition (Note 2K)	23,446	144,759	-	-	168,205	8,102	9,275	185,582	141,676
Staff development	18,906	4,149	148	663	23,866	6,181	6,800	36,847	21,852
Fundraising support activities (Note 2K)	-	-	-	-	-	-	462,376	462,376	304,155
Special events expense	-	-	-	-	-	-	2,048,679	2,048,679	1,926,562
Printing and publications	40,916	1,390	107	3,619	46,032	2,780	20,528	69,340	95,742
Professional fees (Note 2K)	38,836	65,582	2,178	5,058	111,654	263,659	243,733	619,046	540,426
Telephone	98,489	1,974	1,071	1,490	103,024	15,304	41,187	159,515	181,428
Insurance	202,149	-	-	-	202,149	1,016	-	203,165	200,850
Postage, messenger and other	12,576	132	182	-	12,890	4,154	5,158	22,202	15,059
Direct mail campaign expenses:									
Printing, postage and mailing services (Note 9)	-	-	381,945	-	381,945	-	1,244,868	1,626,813	1,467,672
Consulting fees and list purchases	-	-	-	-	-			-	96,044
Artwork and other	-	-	-	-	-	-	-	-	8,135
Travel	3,224	1,413	227	2,391	7,255	13,673	4,306	25,234	24,684
Security	373,969	-	-	-	373,969	1,879	-	375,848	337,967
Miscellaneous (Note 2K)	158,802	5,402	-	410	164,614	370	164,842	329,826	314,834
Bad debt	83,625	-	-	-	83,625	-	-	83,625	2,000
Depreciation	2,830,068	-	-	4,400	2,834,468	33,037	12,635	2,880,140	2,544,170
Interest expense and related fees (Note 6)	232,744	-	-	-	232,744	1,169	-	233,913	133,456
Subtotal	7,768,312	677,131	1,275,162	348,243	10,068,848	1,532,968	5,702,222	17,304,038	16,103,146
Less: cost of direct benefit to donor	-	-	-	-	-	-	(1,450,361)	(1,450,361)	(1,368,499)
TOTAL EXPENSES	$ 7,768,312	$ 677,131	$ 1,275,162	$ 348,243	$ 10,068,848	$ 1,532,968	$ 4,251,861	$ 15,853,677	$ 14,734,647
TOTAL EXPENSES 2016	$ 7,169,187	$ 586,395	$ 1,012,692	$ 971,248	$ 9,739,522	$ 1,262,883	$ 3,732,242	$ 14,734,647	

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

RONALD MCDONALD HOUSE OF NEW YORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016

	For the Year Ended December 31, 2016							
	Program Services					Supporting Services		
	Room Rental	Volunteer Activities	Education & Support	Outreach Programs	Total Program	Management and General	Fundraising	Total 2016
Salaries	$ 2,053,834	$ 215,063	$ 219,519	$ 145,226	$ 2,633,642	$ 623,838	$ 1,036,191	$ 4,293,671
Payroll taxes and employee benefits (Note 7)	583,849	67,241	64,805	37,336	753,231	178,420	296,355	1,228,006
Total Salaries and Related Costs	2,637,683	282,304	284,324	182,562	3,386,873	802,258	1,332,546	5,521,677
Occupancy	228,676	-	-	-	228,676	1,149	-	229,825
Special Projects	9,546	-	-	-	9,546	2,261	3,755	15,562
Repairs and maintenance (Note 2K)	371,770	-	-	-	371,770	1,868	-	373,638
Supplies (Note 2K)	301,382	1,299	436	867	303,984	21,996	9,547	335,527
Family activity expenses:								
Program entertainment and enrichment (Note 2K)	76,506	29,323	350,539	111,852	568,220	-	-	568,220
Trips, outings and parties	12,730	88,314	6,031	43,429	150,504	-	-	150,504
Education and counseling	-	-	17,326	-	17,326	-	-	17,326
Transportation and other	33,640	-	1,800	28,702	64,142	-	-	64,142
Hospital Family Room Construction Costs	-	-	-	470,013	470,013	-	-	470,013
Volunteer and staff recognition (Note 2K)	11,501	119,756	-	78	131,335	5,350	4,991	141,676
Staff development	10,455	3,073	1,833	350	15,711	2,681	3,460	21,852
Fundraising support activities (Note 2K)	-	-	-	-	-	-	304,155	304,155
Special events expense	-	-	-	-	-	-	1,926,562	1,926,562
Printing and publications	71,589	2,010	-	5,450	79,049	1,983	14,710	95,742
Professional fees (Note 2K)	21,495	48,008	400	61,386	131,289	359,273	49,864	540,426
Telephone	110,151	1,806	230	2,158	114,345	16,844	50,239	181,428
Insurance	199,846	-	-	-	199,846	1,004	-	200,850
Postage, messenger and other	8,849	289	-	43	9,181	2,175	3,703	15,059
Direct mail campaign expenses:								
Printing, postage and mailing services (Note 9)	-	-	349,364	-	349,364	-	1,118,308	1,467,672
Consulting fees and list purchases	-	-	-	-	-	-	96,044	96,044
Artwork and other	-	-	-	-	-	-	8,135	8,135
Travel	4,024	1,844	409	3,727	10,004	13,074	1,606	24,684
Security	336,277		-		336,277	1,690	-	337,967
Miscellaneous (Note 2K)	144,856	8,369	-	19	153,244	743	160,847	314,834
Bad debt	-	-	-	-	-	-	2,000	2,000
Depreciation	2,445,422	-	-	60,612	2,506,034	27,867	10,269	2,544,170
Interest expense and related fees (Note 6)	132,789	-	-	-	132,789	667	-	133,456
Subtotal	7,169,187	586,395	1,012,692	971,248	9,739,522	1,262,883	5,100,741	16,103,146
Less: cost of direct benefit to donor	-	-	-	-	-	-	(1,368,499)	(1,368,499)
TOTAL EXPENSES	$ 7,169,187	$ 586,395	$ 1,012,692	$ 971,248	$ 9,739,522	$ 1,262,883	$ 3,732,242	$ 14,734,647

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

RONALD MCDONALD HOUSE OF NEW YORK, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 9,831,697	$ 3,089,287
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,880,140	2,544,170
Bad debt	83,625	2,000
Decrease in discount on pledges receivable	(12,833)	(38,007)
Deferred financing costs	(64,654)	-
Amortization of deferred financing costs	6,465	11,884
Contributed property and equipment	(56,025)	(7,700)
Unrealized gain on investments	(8,552,030)	(3,286,043)
Realized (gain)/loss on investment sales	(1,102,600)	174,464
Loss on write-off of property and equipment	259,514	-
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Prepaid expenses and other receivables	232,316	(55,688)
Contributions and pledges receivable	962,693	2,146,334
(Decrease) increase in liabilities:		
Accounts payable and accrued expenses	(2,177,908)	3,353,475
Refundable advances	(118,428)	312,171
Net Cash Provided by Operating Activities	2,171,972	8,246,347
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(18,089,676)	(9,028,685)
Proceeds from sale of property and equipment	2,500	-
Proceeds from investment sales	6,991,201	13,336,750
Purchases of investments	(1,071,305)	(8,812,734)
Change in restricted funds	71,305	(661,554)
Net Cash Used in Investing Activities	(12,095,975)	(5,166,223)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from bonds payable	15,000,000	-
Repayments of bonds payable	(250,000)	(3,500,000)
Net Cash Provided by (Used in) Financing Activities	14,750,000	(3,500,000)
NET INCREASE (DECREASE) IN CASH	4,825,997	(419,876)
Cash - beginning of year	4,381,309	4,801,185
CASH - END OF YEAR	$ 9,207,306	$ 4,381,309
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	$ 227,448	$ 7,052
Noncash Investing Activities		
Contributed property and equipment	$ 56,025	$ 7,700

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

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Since 1978, Ronald McDonald House of New York, (the "Organization") has provided families with a supportive and caring environment consisting of comprehensive programs. The largest of the Organization's programs is to provide a low cost temporary home (the "House") for families during their stay in New York. Following a two-year extensive renovation (the "Expansion Project"), the House currently has 95 guest rooms, including six post-transplant suites. The House has laundry facilities on each guest floor, five large kitchens, a communal dining room, the Macy's Living Room, a Serenity Room, a multi-faceted Playroom, and two outside terraces. Round trip transportation to and from hospital appointments and daily meals are also provided.

The Organization has developed a myriad of programs to meet the needs of our diverse guests. The programs include, but are not limited to education, playroom, arts and crafts activities, and wellness for the caregiver. Our education programs allow patients and siblings to receive one-on-one tutoring, while our English as a Second Language (ESL) program helps our international guests build their English skills. The AOL Media Room and dedicated libraries are perfect settings for these programs. Ongoing programs in the Playroom such as Weird Science, Hole in the Wall Gang Camp, Cooking Chronicles, Therapy Dog visits, and Teen Time allow all children/young adults in residence the opportunity to have a sense of normalcy and fun. Our Rockin the House Program currently with the New York Pops is held in the Music Room. The Blavatnik Family Foundation Wellness Center is a vital resource for our caregivers. Services provided in the center are focused on mind, body and soul and help to assuage the daily pressures of hospital visits and heavy toll of caring for an ill child.

The Organization's Great Days Programs provide entire families incredible opportunities to spend time together and make lasting memories. As part of the Great Days Program, families take trips to private retreats, beach clubs, movie premieres, museum tours and so much more. These very special events allow patients, siblings, and caregivers to forget about illness and focus instead on having fun as a family.

The Organization's comprehensive Hospital Outreach Program serves children and families at four of our partnering hospitals throughout the year who are not residents of the House yet need support while undergoing treatment. The programs include Musical Magic, Breathe In Breathe Out, and special programing at New York City Health + Hospitals / Kings County. In 2014, the Happy Wheels Coffee Cart began at the Hospital for Special Surgery providing healthy snacks and refreshments for caregivers, siblings and patients in the inpatient pediatric unit and pediatric rehabilitation unit. Beginning in 2018, a second coffee cart will roll out at New York - Presbyterian Weill Cornell Hospital, which will serve the Neonatal Intensive Care Unit ("NICU"), Pediatric Intensive Care Unit ("PICU") and Pediatric and Stepdown Units. The Ronald McDonald Family Room located at New York City Health and Hospitals / Kings County Hospital provides a place of respite for caregivers/parents with children in the NICU, PICU, and Pediatric Units. Since opening in January 2017, the Family Room has served over 1,000 guests.

The Organization also provides Inpatient Services for our children and families when they are admitted to a partner hospital and Navigation Services to help first-time families become acclimated to their environment in New York City while supporting their child's health care experiences.

The Organization is a Section 501 (c) (3) organization under the applicable provisions of the Internal Revenue Code (the "Code") and, accordingly, is not subject to Federal Income Taxes. The Organization is also exempt for New York State and City income and sales taxes. The Organization has been classified as a publicly-supported charitable organization under Section 509 (a) (1) of the Code and qualifies for the maximum charitable contribution deduction for donors.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Organization's financial statements have been prepared on the accrual basis of accounting. The Organization adheres to accounting principles generally accepted in the United States of America.

B. The Organization considers highly liquid instruments purchased with a maturity of three months or less when acquired, to be operating cash equivalents. Additionally, the Organization considers all cash other than that held in the Organization's investment portfolio to be cash.

C. The Organization maintains its net assets under the following three classes:

- Unrestricted – represents resources available for support of the Organization's operations over which the Board of Directors (the" Board") has discretionary control, including funds designated for future use and funds expended for property, and equipment and related expenditures.

  The Organization initiated a direct fundraising campaign to solicit commitments from the Board for the long-term viability of the Organization. During 2016, the Organization appropriated $8,478,804 from the Board Designated Funds for expenditure to further the mission, which includes $8,354,784 for the project to expand the facility from 84 rooms to 95 rooms and $124,020 for the Outreach programs. In 2017, the Board appropriated approximately $18,000,000 for expenditure to complete the building Expansion Project.

- Temporarily Restricted – resulting from contributions and other inflows of assets subject to donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reported in the statements of activities as net assets released from restrictions. Unless otherwise directed by the donor, earnings on endowment assets are temporarily restricted until appropriated by the Board for spending.

- Permanently Restricted – represents those resources subject to donor-imposed stipulations that should be maintained intact in perpetuity.

D. 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 at the date of the financial statements. Actual results could differ from those estimates.

E. Property and equipment is stated at cost less accumulated depreciation. These amounts do not purport to represent replacement or realizable values. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. The Organization capitalizes property and equipment with a cost of $5,000 or higher and a useful life of at least one year.

   In accordance with ASC 360-10, *Property, Plant and Equipment, "*Impairment or Disposal of Long-Lived Assets*"*, the Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. During the year ended December 31, 2017, certain component equipment of the Organization's heating system was destroyed in a fire. The Organization's insurance company will cover the historical cost of the component but is also assessing the replacement value which at this time has not been estimated. As a result, the equipment has not been written down as of December 31, 2017. The cost differential between the historic and replacement value is not expected to have a significant impact on the Organization's statement of financial position.

F. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount factor used is computed based on risk adjusted interest rates for the expected term of the promises to give applicable in the years in which the promises are made by the donor, if material. Amortization of the discounts is included in contribution income.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As of December 31, 2017 and 2016, the Organization determined that an allowance for uncollectible contributions and pledges of $100,000 and $200,000, respectively, is necessary. This determination is based on a combination of factors, such as management's estimate of the creditworthiness of the contributors, a review of individual accounts outstanding, and the aged basis of the receivable and historical experience.

Room donation revenue and receivable (included with prepaid expenses and other receivables on the accompanying statements of financial position) is recorded when the family and child check in to stay at the Organization. As of December 31, 2017 and 2016, the Organization determined that approximately $84,000 and $2,000 respectively, for room donation revenue and contribution and pledges receivable were uncollectable and were written off to bad debt expense.

Bequests are recognized as receivables at the time unassailable rights to the gifts have been established and the proceeds are measurable.

Conditional promises to give are not included as support until the conditions are substantially met.

G. Investments are carried at fair value. Investment income, including realized and unrealized gains and losses are recorded in the unrestricted fund, unless there are restrictions that have been imposed by donors or other outside parties. Investment income on donor restricted endowments is recorded in the temporarily restricted fund until appropriated for spending by the Board.

H. Effective for the year ended December 31, 2017, the Organization adopted the guidance issued by the Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2015-07 *Disclosure for Investments in Certain Entities That Calculate NAV*.

Under the amendment, investments in entities for which fair value is calculated using the net asset value (NAV) are no longer required to categorize within the fair value hierarchy those investments that use NAV as a practical expedient. The Organization has reflected the effects of this amendment in the footnotes to the financial statements as of and for the years ended December 31, 2017 and 2016.

I. Fair value measurements are based on 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. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 12.

J. In 2017, the Organization adopted the Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2015-03, *Interest – Imputation of Interest, Simplifying the Presentation of Debt Issuance Costs*. This update requires that debt issuance costs related to a liability be reported as a deduction from that liability on the Statement of Financial Position. Accordingly, the Organization has presented bonds payable net of debt issuance costs on the accompanying Statements of Financial Position. Bonds Payable as of December 31, 2017 of $14,750,000 are reported on the statements of financial position net of the associated debt issuance costs of $64,654, reducing the liability. For the years ended December 31, 2017 and 2016, amortization of the debt issuance costs of $6,465 and $11,884, respectively, is reported as interest expense and was previously reported as amortization expense. The December 31, 2016 financial statements have been reclassified to conform to the December 31, 2017 presentation. This change had no impact on the change in net assets for the year ended December 31, 2016.

K. The cost of providing the various programs and supporting services have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among program services and supporting services.

L. The direct costs of special events include expenses for the benefit of the donor. For example, meals, facilities and rental are considered direct costs of special events.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. 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 disclosures 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.

N. In-kind contributions are recorded as revenue in the period in which they are received, and which would typically be purchased had they not been provided by donation. For the years ended December 31, 2017 and 2016, the Organization recorded contributed goods and services amounting to $597,034 and $608,701, respectively, which are included in revenue, expenses and fixed assets for capitalized property and equipment in the accompanying financial statements. During the years ended December 31, 2017 and 2016, a member of the Organization's Board of Directors was the CEO of a public relations firm that donated approximately $257,000 and $190,000 of services to the Organization, which is shown below as contributed program entertainment and enrichment and professional fees. During 2017 and 2016, in-kind contributions and gifts in-kind included the following:

	2017	2016
Capitalized property and equipment	$ 56,025	$ 7,700
Contributed program entertainment and enrichment	192,318	279,924
Contributed professional fees	64,399	47,425
Contributed supplies	73,066	123,956
Contributed repairs and maintenance	18,029	7,420
Contributed fundraising support activities	193,197	142,276
Total in-kind contributions	$ 597,034	$ 608,701

Many volunteers, including members of the Board, have made significant contributions of time in furtherance of the Organization's policies and programs. The value of this contributed time does not meet the criteria for recognition and therefore is not reflected in the financial statements. The approximate value of such contributed time amounted to $862,400 and $990,720, respectively, for the years ended December 31, 2017 and 2016.

O. The Organization has a licensing agreement with Ronald McDonald Charities ("Charities") whereby the Organization has the right to use certain trademarks. The Organization also has the obligation to meet certain compliance requirements stipulated by the Charities.

P. The Organization receives cash in advance of special events that are to be held after the statement of financial position date. It is the Organization's policy to refund all cash received in advance of special events for both the contribution and exchange portion, if the event is subsequently cancelled.

Q. Certain line items in the December 31, 2016 financial information have been reclassified to conform to the December 31, 2017 presentation. Such reclassifications did not change the total net assets.

NOTE 3 – CONTRIBUTIONS AND PLEDGES RECEIVABLE

Contributions and pledges receivable consist of the following as of December 31, 2017 and 2016:

	2017	2016
Amounts due in less than one year	$ 427,529	$ 1,607,141
Amounts due from one to five years	2,656,294	2,623,000
	3,083,823	4,230,141
Less: Unamortized discount 1.3%	(25,502)	(38,335)
Allowance for uncollectible accounts	(100,000)	(200,000)
	$ 2,958,321	$ 3,991,806

NOTE 4 – INVESTMENTS

Investments consist of the following as of December 31, 2017 and 2016:

		2017	2016	
Cash		$ 5,233,391	$ 4,360,715	
Money market funds		362,873	5,372,861	
Fixed income securities:				
Mutual funds		9,210,068	8,225,474	
International bonds		-	3,199	
Mutual funds:				
U.S. large cap		8,564,514	7,709,505	
U.S. mid/small cap		1,665,158	2,423,688	
Non U.S. equities		9,292,144	6,105,478	
	Subtotal	34,328,148	34,200,920	
Alternative investments:				
Hedge funds		5,392,395	7,351,174	A
Limited partnerships		40,768,160	35,038,804	B
Other investments		1,637,824	1,943,505	C
	Subtotal	47,798,379	44,333,483	
Total Investments		82,126,527	78,534,403	
Restricted funds:				
Cash		-	-	
Mutual Funds		533,053	461,748	
Total Restricted Funds		533,053	461,748	
Total Investments and Restricted Funds		$ 82,659,580	$ 78,996,151	

A. Hedge funds are investments in cash, limited partnerships and pooled investment funds that invest primarily in domestic and international equity and mortgage securities. The hedge funds may also trade various financial instruments with off-balance sheet risk. These financial instruments may include securities sold short and long, option contracts, differential and foreign currency forward contracts. Such transactions subject the hedge and real assets funds and their investors to market risk associated with changes in the value of the underlying securities, financial instruments, and foreign currencies, as well as the risk of loss if counterparty fails to perform. The respective hedge fund managers endeavor to limit the risk associated with such transactions. There are no unfunded commitments.

B. Limited Partnerships are funds whose purpose is to achieve capital appreciation through investments primarily in hedge funds, domestic and foreign equity funds and private equity funds. There are no unfunded commitments.

C. Other investments include return enhancement notes and buffered return enhancement notes that combine a debt security with an underlying asset, such as an equity, a basket of equities, a domestic or international index, a commodity or some type of hybrid security and investments in hard assets such as gold. Gains on structured investments may be capped and there may be no principal protection in the event of a market decline. There are no unfunded commitments.

The Board has adopted a total return spending plan strategy. Under this plan, a percentage distribution is based on a formulaic valuation of portfolio assets, recommended by the Committee and approved by the Board. The Portfolio investments are managed to produce a total return that, over a reasonably period of time, will exceed the sum of the percentage distribution plus inflation, management fees, and other expenses. The Committee considers both long term and short-term needs of the Organization in its investments.

NOTE 4 – INVESTMENTS (Continued)

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position and statements of activities.

Included in investments for the years ended December 31, 2017 and 2016, respectively were $14,750,000 and $0, held for bond repayment, $533,053 and $461,748, held for pension and deferred compensation plans and $1,103,915 held for endowment as of December 31, 2017 and 2016.

Interest receivable of $18,546 and $13,237 as of December 31, 2017 and 2016 is for interest earned on investments, but not received, and is included in prepaid expenses and other receivables on the statements of financial position.

Investment (loss) income consists of the following for the years ended December 31, 2017 and 2016:

	2017	2016
Interest and dividends	$ 435,294	$ 476,573
Other investment income	251,686	96,226
Unrealized gain on investments	8,552,030	3,286,043
Realized gain (loss) on investment sales	1,102,600	(174,464)
	$ 10,341,610	$ 3,684,378

The Organization incurred investment expenses of $162,542 and $104,670 during the years ended December 31, 2017 and 2016, respectively, and are reported as professional fees in the accompanying statements of functional expenses.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31, 2017 and 2016:

	2017	2016	Estimated Useful Lives
Land	$ 6,038,784	$ 6,038,784	
Building	48,005,989	20,583,954	5-30 years
Vehicle	167,218	154,032	3 years
Furniture, fixtures and equipment	18,688,897	19,164,189	3-10 years
Construction in progress	-	10,302,332	
Total cost	72,900,888	56,243,291	
Less: Accumulated depreciation	(32,042,788)	(30,388,738)	
Net book value	$ 40,858,100	$ 25,854,553	

Depreciation expense amounted to $2,880,140 and $2,544,170 for the years ended December 31, 2017 and 2016, respectively.

As of December 31, 2016, construction in progress represented funds paid for certain improvements that had not been completed for the Expansion Project. The Expansion Project was completed in the summer of 2017. The total costs to complete the Expansion Project were approximately $26,000,000. This amount has been subsequently added to the building cost and will be depreciated over 30 years.

During the years ended December 31, 2017 and 2016, the Organization received donated property and equipment that amounted to $56,025 and $7,700, respectively (See Note 2K).

During the year ended December 31, 2017, the Organization disposed of certain property and equipment with a total cost of $1,430,311 and accumulated depreciation of $1,177,928 resulting in a loss on disposal of $252,383. In addition, the Organization sold a vehicle with a total cost of $57,793 and accumulated depreciation of $48,162 for net proceeds of $2,500 resulting in a loss of $7,131.

NOTE 6 – BONDS PAYABLE

Previously issued bonds payable consisted of variable rate tax-exempt bonds. Proceeds were used for the construction of the House on East 73rd Street in Manhattan, completed in 1993. These Bonds were completely retired in 2016.

In 2016, the Organization determined it would finance a portion of its Expansion Project. On May 30, 2017, the Organization closed on Bond issuances (the "Bonds") from JP Morgan Chase Bank, N.A. for $15,000,000 comprised of a $5,000,000 variable rate portion based on the London Inter-bank Offer Rate ("LIBOR") plus 0.694% and a $10,000,000 2.9% fixed rate portion. At December 31, 2017, the variable interest rate portion was 2.263%. The Bonds have a 10-year maturity, with interest and principal to be paid on a monthly basis, however, the Organization has the option to repay the Bonds at any time and retire the Bonds. The current monthly principal payments are $13,889 (variable rate portion) and $27,778 (fixed rate portion) with the unpaid balance due at maturity on May 30, 2027.

As financial covenants to the Bonds issued, the Organization must maintain both a Debt Service Coverage ratio of at least 1:00 to 1:00 and Liquidity ratio of 2:00 to 1:00 over four consecutive quarterly periods. As of December 31, 2017, such financial covenants were met.

The Bonds are collateralized by a pledge of the Organizations' property and equipment and other assets, both now and for the life of the Bond, to secure the prompt payment and performance of the secured obligation.

For the year ended December 31, 2017, activity related to Bond principal consisted of the following:

	2017
Bond financing	$ 15,000,000
Less: Deferred financing costs	(58,189)
Principal paid for the year ended December 31, 2017	(250,000)
Bonds payable, at the end of the year	$ 14,691,811

In connection with the Bonds payable, the Organization incurred financing costs in the amount of $64,654, which are amortized over the life of the Bonds. Interest expense, related fees and amortization expense amounted to $233,913 and $133,456 for the years ended December 31, 2017 and 2016, respectively. As of December 31, 2017 and 2016, deferred financing costs consist of the following:

	2017	2016
Deferred financing costs	$ 64,654	$ 615,760
Less: Accumulated amortization	(6,465)	(615,760)
Deferred financing costs	$ 58,189	$ -

The principal payments subsequent to December 31, 2017, on long-term debt for each of the next five years and thereafter are as follows:

2018	$ 501,000
2019	501,000
2020	501,000
2021	501,000
2022	501,000
Thereafter	12,245,000
	$ 14,750,000

Included in the amounts due after 2022 is a balloon payment of $10,000,000 that is due at maturity of the Bonds May 30, 2027. Interest expense for the years ended December 30, 2017 and 2016 amounted to $233,913 and $133,456, respectively.

NOTE 7 – PENSION & RETIREMENT PLANS

The Organization maintains a Safe-Harbor 401(k) Profit Sharing Plan and a 401(k) Profit-Sharing Plan with Mutual of America (the "401(k) Plans"). The Organization makes contributions, at the discretion of the Executive Committee of the Board of Directors, to the 401(k) Plans on a biweekly basis. The contribution for the years ended December 31, 2017 and 2016 for the 401(k) Plans was $242,393 and $271,983, respectively. Additionally, eligible employees were allowed to make tax-deferred contributions to the 401(k) Plans up to certain limits as identified in the Internal Revenue Code.

The Organization previously maintained the Ronald McDonald House of New York, Inc. Pension Plan (the "Pension Plan"), an eligible defined contribution pension plan under Section 457(b) of the Code. The Pension Plan was discontinued during 1997. Investments and accrued pension liabilities of $148,173 and $123,282 at December 31, 2017 and 2016, respectively, are included in restricted funds and accrued expenses in the statements of financial position.

In November 2011, the Organization instituted a Deferred Compensation Plan (the "Plan") under Section 457(b) of the Code covering key employees. The deferred compensation liabilities amounted to $384,880 and $338,466 as of December 31, 2017 and 2016, respectively, and are included in restricted funds and accrued expenses in accompanying statements of financial position. The Organization makes contributions to the Plan, at the discretion of the Executive Committee on an annual basis.

In 2014, the Organization instituted a 403(b) Retirement Savings Plan for employee salary deferrals and a Deferred Compensation Plan under Section 457(f) of the Code covering key employees. As of December 31, 2017 and 2016, respectfully, there were no employer contributions to the 403(b) plan, only employee salary deferrals that are contributed on a biweekly basis. In 2016, the Organization discontinued the 457(f) plan and there were no contributions to the 457(f) plan for that year.

NOTE 8 – NET ASSETS

Temporarily restricted net assets are available for the following as of December 31, 2017 and 2016:

	2017	2016
Purpose restricted	$ 51,254	$ 56,243
Time restricted	2,689,273	3,868,357
Total Temporarily restricted assets:	$ 2,740,527	$ 3,924,600

For the years ended December 31, 2017 and 2016, temporarily restricted net assets in the amount of $1,604,073 and $1,842,523, respectively, were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors.

Permanently restricted net assets of $1,103,915 originated in 1994 as two gifts of donated securities with donor stipulation that the value of the gifts be maintained intact in perpetuity. All income from these securities are temporarily restricted until appropriated for spending by the Board. Income is restricted for the purchase of supplies and gifts for children served by the Organization.

The Board of Directors recognizes that NYS adopted as law the New York Prudent Management of Institutional Funds Act ("NYPMIFA") on September 17, 2010. NYPMIFA replaces prior law, which was the Uniform Management of Institutional Funds Act ("UMIFA").

In addition, the Board recognizes that NYPMIFA created a rebuttable presumption of imprudence if an organization appropriates more than 7% of a donor-restricted permanent endowment fund's fair value (averaged over a period of not less than the preceding five years) in any year. Any unappropriated earnings that would otherwise be considered unrestricted by the donor will be reflected as temporarily restricted until appropriated.

NOTE 8 – NET ASSETS (Continued)

The Organization's investment strategy is to provide sufficient earnings in the form of a total return from both income and capital appreciations. The investments are managed so that over a reasonable period of time, the total return will exceed the sum of the percentage of distributions plus inflation and other investment expenses.

The Board explicitly appropriated all earnings as of and prior to September 17, 2010, whether deemed spent or not as unrestricted. Following September 17, 2010, the Board (or a designated committee of the Board) will determine (quarterly, using a rolling 5-year average) how much of the earnings of such permanently restricted funds shall be appropriated for expenditure up to 7%, as deemed prudent at the time. Any unappropriated earnings that would otherwise be considered unrestricted by the donor will be reflected as temporarily restricted until appropriated.

Changes in endowment net assets for the year ended December 31, 2017 are as follows:

	Board Designated	Temporarily Restricted	Permanently Restricted	Total Endowments
Investment activity:				
Interest and dividends	$ 7,010	$ 24,715	$ -	$ 31,725
Unrealized (loss)gain on investments	4,666	5,554	-	10,220
Total investment activity	11,676	30,269	-	41,945
Amount appropriated for expenditure	(18,055,216)	(30,269)	-	(18,085,485)
Endowment net assets, beginning of year	19,836,088	-	1,103,915	20,940,003
Endowment net assets, end of year	$ 1,792,548	$ -	$ 1,103,915	$ 2,896,463

Changes in endowment net assets for the year ended December 31, 2016 are as follows:

	Board Designated	Temporarily Restricted	Permanent Restricted	Total Endowments
Investment activity:				
Interest and dividends	$ 34,384	$ 23,310	$ -	$ 57,694
Unrealized (loss)gain on investments	22,313	(4,243)	-	18,070
Total investment activity	56,697	19,067	-	75,764
Amount appropriated for expenditure	(8,478,804)	(19,067)	-	(8,497,871)
Endowment net assets, beginning of year	28,258,195	-	1,103,915	29,362,110
Endowment net assets, end of year	$19,836,088	$ -	$ 1,103,915	$ 20,940,003

For the years ended December 31, 2017 and 2016, endowment net assets of $2,896,463 and $20,940,003, respectively, are included with investments in the accompanying statements of financial position. The transfer in endowment net assets for the years ended December 31, 2017 and 2016 were used to pay for the building Expansion Project which was finalized in September 2017.

NOTE 9 – ALLOCATION OF JOINT COSTS

The Organization conducted direct mail campaigns that included requests for contributions as well as program components. During the years ended December 31, 2017 and 2016, the Organization incurred joint costs of $1,148,324 and $1,093,754, respectively, for informational materials and activities that were included in fundraising appeals. During the year ended December 31, 2017, $381,945 was allocated to program expenses and $766,379 was allocated to fundraising. During the year ended December 31, 2016, $349,364 was allocated to program expenses and $744,390 was allocated to fundraising.

NOTE 10 – CONCENTRATIONS

Cash and cash equivalents that potentially subject the Organization to a concentration of credit risk include cash accounts with banks that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. As of December 31, 2017 and 2016, there was approximately $6,800,000 and $2,200,000, respectively, of cash and cash equivalents held by banks that exceeded FDIC limits. Such excess includes outstanding checks. Securities Investor Protection Corporation (“SIPC”) insurance limits are up to $500,000. As of December 31, 2017 and 2016, there was approximately $513,000 respectively, of cash and cash equivalents held by banks that exceeded the amount covered by the (“SIPC”) limits.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

A. Lease Commitments

In December 2011, the Organization entered into a 36-month operating lease agreement with Verizon Select Service Inc. for new telephone equipment. The lease payments did not begin until July 2012. At the end of the lease term, the equipment continues to be leased on a month-to-month basis with a portion of the payment reducing the buy-out price of the equipment.

B. Uncertain Tax Positions

The Organization believes it had no uncertain tax positions as of December 31, 2017 and 2016 in accordance with Accounting Standards Codification (“ASC”) Topic 740 “Income Taxes”, which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

NOTE 12 – FAIR VALUE MEASUREMENTS

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs. Level 1 valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value.

The Organization’s policy is to recognize transfers in and transfers out between fair value levels as of the beginning of the period in which the transfer takes place. For the years ended December 31, 2017 and 2016, no such transfers between fair value levels occurred.

Certain of the Organization’s investments are classified as alternative investments and are recorded at fair value, based on the applicable percentage ownership of the net assets as of the measurement date, as reported by the investment managers, in an amount equal to the NAV of shares held by the Organization at year-end. The NAV as provided by the investment managers are used as the practical expedient to estimate the fair value of the underlying investments. As of December 31, 2017 and 2016, the Organization had no unfunded commitments to invest in these alternative investment funds. Redemptions at NAV, of shares in these investments range from immediate to quarterly, generally with forty-five to ninety days’ notice. The alternative investment’s strategies are described in Note 4.

NOTE 12 – FAIR VALUE MEASUREMENTS (Continued)

Financial assets and liabilities carried at fair value at December 31, 2017, are classified in the table as follows:

	Level 1	Level 2	Total 2017
INVESTMENTS AT FAIR VALUE:			
Level 1 & 2 Investments:			
Money market funds	$ 362,873	$ -	$ 362,873
Fixed income securities:			
Mutual funds	9,210,068	-	9,210,068
International bonds	-	-	-
Mutual funds:			
U.S. large cap	8,564,514	-	8,564,514
U.S. mid cap/small cap	1,665,158	-	1,665,158
Non U.S. equities	9,292,144	-	9,292,144
Alternative investments:			
Hedge Funds	-	2,986,153	2,986,153
	29,094,757	2,986,153	32,080,910
Alternative investments using NAV as a practical expedient:			
Limited Partnerships	-	-	40,768,160
Hedge Funds	-	-	2,406,242
Other Investments	-	-	1,637,824
Total NAV as a practical expedient	-	-	44,812,226
TOTAL INVESTMENTS AT FAIR VALUE	$ 29,094,757	$ 2,986,153	$ 76,893,136

Financial assets and liabilities carried at fair value at December 31, 2016, are classified in the table as follows:

	Level 1	Level 2	Total 2016
INVESTMENTS AT FAIR VALUE:			
Level 1 & 2 Investments:			
Money market funds	$ 5,372,861	$ -	$ 5,372,861
Fixed income securities:			
Mutual funds	8,225,474	-	8,225,474
International bonds	3,199	-	3,199
Mutual funds:			
U.S. large cap	7,709,505	-	7,709,505
U.S. mid cap	2,423,688	-	2,423,688
Non U.S. equities	6,105,478	-	6,105,478
Alternative investments:			
Hedge Funds	-	4,884,104	4,884,104
Other investments	-	517,642	517,642
	29,840,205	5,401,746	35,241,951
Alternative investments using NAV as a practical expedient:			
Limited Partnerships	-	-	35,038,804
Hedge Funds	-	-	2,467,070
Other Investments	-	-	1,425,863
Total NAV as a practical expedient	-	-	38,931,737
TOTAL INVESTMENTS AT FAIR VALUE	$ 29,840,205	$ 5,401,746	$ 74,173,688

NOTE 12 – FAIR VALUE MEASUREMENTS (Continued)

Excluded from the fair value measurements above is cash totaling $5,233,391 and $4,360,715 as of December 31, 2017 and 2016, respectively, which is included in investments on the accompanying statements of financial position. (See Note 4)

In addition, restricted cash and mutual funds which are classified as Level 1, amounting to $533,053 and $461,748 as of December 31, 2017 and 2016, respectively, are included in restricted funds on the accompanying statements of financial position. (See Note 4)

Investments in money market funds, fixed income securities and mutual funds are valued using market prices in active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. The net asset values of mutual funds are based on the quoted market-level prices of the underlying securities. Hedge funds and other alternative investments are designated as Level 2 as indicative of the investment manager's classification of the Organization's investment in the alternative investments. It is not meant to be indicative of the classification of the investments in the underlying portfolio of the alternative investments into the fair value hierarchy.

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated events subsequent to the date of the statement of financial position through April 27, 2018, the date the financial statements were available to be issued.