

**RONALD MCDONALD HOUSE  
OF NEW YORK, INC.**



Keeping Families Close.

**Financial Statements  
(Together with Independent Auditors' Report)**

**Years Ended December 31, 2023 and 2022**

**RONALD MCDONALD HOUSE OF NEW YORK, INC.**

**FINANCIAL STATEMENTS  
(Together with Independent Auditors' Report)**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

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## INDEPENDENT AUDITORS' REPORT

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

### ***Opinion***

We have audited the financial statements of Ronald McDonald House of New York, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2023 and 2022, 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.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

**Mayer Hoffman McCann CPAs**  
**The New York Practice of Mayer Hoffman McCann P.C.**  
**An Independent CPA Firm**

685 Third Avenue  
New York, NY 10017

Phone: 212.503.8800  
[mhmcpa.com](http://mhmcpa.com)





In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Mayer Hoffman McCann CPAs*

New York, NY  
July 30, 2024

**RONALD MCDONALD HOUSE OF NEW YORK, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2023 AND 2022**

|   | <b>2023</b>           | <b>2022</b>           |
|---|-----------------------|-----------------------|
| <b>ASSETS</b>   |                       |                       |
| Cash and cash equivalents (Notes 2B and 12)                                     | \$ 1,971,882          | \$ 1,736,276          |
| Contributions receivable, net (Notes 2F and 4)                                  | 1,057,955             | 1,090,972             |
| Investments (Notes 2G, 2H, 5 and 6)   | 91,981,140            | 91,373,284            |
| Prepaid expenses and other assets (Notes 2F and 5)                              | 619,088               | 714,171               |
| Investments held for pension and deferred compensation plans (Notes 5, 6 and 9) | 896,553               | 700,796               |
| Property and equipment, net (Notes 2E, 7 and 8)                                 | 29,798,460            | 30,782,453            |
| <b>TOTAL ASSETS</b>   | <b>\$ 126,325,078</b> | <b>\$ 126,397,952</b> |
| <b>LIABILITIES</b>  |                       |                       |
| Accounts payable and accrued expenses (Note 9)                                  | \$ 3,197,698          | \$ 3,130,866          |
| Refundable advances (Notes 2F and 2L)   | 592,122               | 244,421               |
| Bonds payable, net (Note 8)   | 7,792,663             | 8,121,645             |
| <b>TOTAL LIABILITIES</b>  | <b>11,582,483</b>     | <b>11,496,932</b>     |
| <b>CONTINGENCIES</b> (Note 13)  |                       |                       |
| <b>NET ASSETS</b> (Note 2C)   |                       |                       |
| Without donor restrictions:   |                       |                       |
| Operations  | 32,726,351            | 50,062,925            |
| Net investment in property and equipment  | 22,005,797            | 22,660,808            |
| Board designated for future operations  | 58,700,000            | 40,700,000            |
| Total net assets without donor restrictions                                     | 113,432,148           | 113,423,733           |
| With donor restrictions (Notes 5 and 10)  |                       |                       |
| Restricted for purpose and time   | 302,007               | 528,329               |
| Perpetual in nature   | 1,008,440             | 948,958               |
| Total net assets with donor restrictions  | 1,310,447             | 1,477,287             |
| <b>TOTAL NET ASSETS</b>   | <b>114,742,595</b>    | <b>114,901,020</b>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>   | <b>\$ 126,325,078</b> | <b>\$ 126,397,952</b> |

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

**RONALD MCDONALD HOUSE OF NEW YORK, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

|   | <u>Year Ended December 31, 2023</u>   |                                    |                       | <u>Year Ended December 31, 2022</u>   |                                    |                       |
|---|---------------------------------------|------------------------------------|-----------------------|---------------------------------------|------------------------------------|-----------------------|
|   | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total<br/>2023</u> | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total<br/>2022</u> |
| <b>PUBLIC SUPPORT AND REVENUE:</b>              |                                       |                                    |                       |                                       |                                    |                       |
| Public Support:                                 |                                       |                                    |                       |                                       |                                    |                       |
| Special events revenue (Note 2J)                | \$ 6,176,038                          | \$ -                               | \$ 6,176,038          | \$ 6,269,502                          | \$ -                               | \$ 6,269,502          |
| Less: cost of direct benefit to donors          | <u>(1,071,515)</u>                    | <u>-</u>                           | <u>(1,071,515)</u>    | <u>(1,013,773)</u>                    | <u>-</u>                           | <u>(1,013,773)</u>    |
| Special events, net                             | 5,104,523                             | -                                  | 5,104,523             | 5,255,729                             | -                                  | 5,255,729             |
| Bequests (Note 2F)                              | 1,029,506                             | -                                  | 1,029,506             | 838,868                               | -                                  | 838,868               |
| Direct mail contributions (Note 2F)             | 1,570,416                             | -                                  | 1,570,416             | 1,854,627                             | -                                  | 1,854,627             |
| Contributions (Note 2F)                         | 4,639,721                             | 165,000                            | 4,804,721             | 3,715,771                             | 296,125                            | 4,011,896             |
| Noncash contributions (Notes 2G, 2K and 14)     | <u>1,150,942</u>                      | <u>-</u>                           | <u>1,150,942</u>      | <u>773,637</u>                        | <u>-</u>                           | <u>773,637</u>        |
| Total public support                            | <u>13,495,108</u>                     | <u>165,000</u>                     | <u>13,660,108</u>     | <u>12,438,632</u>                     | <u>296,125</u>                     | <u>12,734,757</u>     |
| Revenue:  |                                       |                                    |                       |                                       |                                    |                       |
| Room donation revenue (Note 2F)                 | 240,640                               | -                                  | 240,640               | 291,329                               | -                                  | 291,329               |
| Investment income (loss), net (Notes 5 and 6)   | 10,431,265                            | 59,482                             | 10,490,747            | (14,871,055)                          | (136,880)                          | (15,007,935)          |
| Other   | <u>6,757</u>                          | <u>-</u>                           | <u>6,757</u>          | <u>4,798</u>                          | <u>-</u>                           | <u>4,798</u>          |
| Total revenue                                   | <u>10,678,662</u>                     | <u>59,482</u>                      | <u>10,738,144</u>     | <u>(14,574,928)</u>                   | <u>(136,880)</u>                   | <u>(14,711,808)</u>   |
| Net assets released from restrictions (Note 10) | <u>391,322</u>                        | <u>(391,322)</u>                   | <u>-</u>              | <u>1,173,627</u>                      | <u>(1,173,627)</u>                 | <u>-</u>              |
| <b>TOTAL PUBLIC SUPPORT AND REVENUE</b>         | <u>24,565,092</u>                     | <u>(166,840)</u>                   | <u>24,398,252</u>     | <u>(962,669)</u>                      | <u>(1,014,382)</u>                 | <u>(1,977,051)</u>    |
| <b>EXPENSES (Note 2I):</b>                      |                                       |                                    |                       |                                       |                                    |                       |
| Program Services                                |                                       |                                    |                       |                                       |                                    |                       |
| Room occupancy                                  | 13,164,583                            | -                                  | 13,164,583            | 10,085,955                            | -                                  | 10,085,955            |
| Volunteer activities                            | 554,515                               | -                                  | 554,515               | 611,778                               | -                                  | 611,778               |
| Education and support                           | 1,758,216                             | -                                  | 1,758,216             | 1,418,748                             | -                                  | 1,418,748             |
| Outreach programs                               | <u>873,617</u>                        | <u>-</u>                           | <u>873,617</u>        | <u>441,183</u>                        | <u>-</u>                           | <u>441,183</u>        |
| Total program services                          | <u>16,350,931</u>                     | <u>-</u>                           | <u>16,350,931</u>     | <u>12,557,664</u>                     | <u>-</u>                           | <u>12,557,664</u>     |
| Supporting Services:                            |                                       |                                    |                       |                                       |                                    |                       |
| Management and general                          | 1,935,472                             | -                                  | 1,935,472             | 2,131,109                             | -                                  | 2,131,109             |
| Fundraising                                     | <u>6,270,274</u>                      | <u>-</u>                           | <u>6,270,274</u>      | <u>5,015,765</u>                      | <u>-</u>                           | <u>5,015,765</u>      |
| Total supporting services                       | <u>8,205,746</u>                      | <u>-</u>                           | <u>8,205,746</u>      | <u>7,146,874</u>                      | <u>-</u>                           | <u>7,146,874</u>      |
| <b>TOTAL EXPENSES</b>                           | <u>24,556,677</u>                     | <u>-</u>                           | <u>24,556,677</u>     | <u>19,704,538</u>                     | <u>-</u>                           | <u>19,704,538</u>     |
| <b>CHANGE IN NET ASSETS</b>                     | 8,415                                 | (166,840)                          | (158,425)             | (20,667,207)                          | (1,014,382)                        | (21,681,589)          |
| <b>Net assets - beginning of year</b>           | <u>113,423,733</u>                    | <u>1,477,287</u>                   | <u>114,901,020</u>    | <u>134,090,940</u>                    | <u>2,491,669</u>                   | <u>136,582,609</u>    |
| <b>NET ASSETS - END OF YEAR</b>                 | <u>\$ 113,432,148</u>                 | <u>\$ 1,310,447</u>                | <u>\$ 114,742,595</u> | <u>\$ 113,423,733</u>                 | <u>\$ 1,477,287</u>                | <u>\$ 114,901,020</u> |

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

**RONALD MCDONALD HOUSE OF NEW YORK, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
**(WITH COMPARATIVE TOTALS FOR 2022)**

|   | For the Year Ended December 31, 2023 |                         |                        |                      |                      |                           |                     |                      |                      |
|---|--------------------------------------|-------------------------|------------------------|----------------------|----------------------|---------------------------|---------------------|----------------------|----------------------|
|   | Program Services                     |                         |                        |                      | Supporting Services  |                           |                     |                      |                      |
|   | Room<br>Occupancy                    | Volunteer<br>Activities | Education &<br>Support | Outreach<br>Programs | Total<br>Program     | Management<br>and General | Fundraising         | Total<br>2023        | Total<br>2022        |
| Salaries  | \$ 4,314,242                         | \$ 388,928              | \$ 826,949             | \$ 227,869           | \$ 5,757,988         | \$ 1,180,349              | \$ 1,812,456        | \$ 8,750,793         | \$ 6,600,329         |
| Payroll taxes and employee benefits (Note 9)                  | 1,083,878                            | 97,711                  | 207,757                | 57,248               | 1,446,594            | 296,542                   | 455,348             | 2,198,484            | 1,738,365            |
| <b>Total Salaries and Related Costs</b>                       | 5,398,120                            | 486,639                 | 1,034,706              | 285,117              | 7,204,582            | 1,476,891                 | 2,267,804           | 10,949,277           | 8,338,694            |
| Occupancy   | 351,769                              | -                       | -                      | -                    | 351,769              | 1,768                     | -                   | 353,537              | 333,356              |
| Repairs and maintenance (Notes 2K and 14)                     | 500,653                              | -                       | -                      | -                    | 500,653              | 2,516                     | -                   | 503,169              | 439,814              |
| Supplies (Notes 2K and 14)                                    | 392,254                              | 191                     | 115                    | -                    | 392,560              | 50,809                    | 50,490              | 493,859              | 415,070              |
| Family activity expenses:                                     |                                      |                         |                        |                      |                      |                           |                     |                      |                      |
| Program entertainment and enrichment (Notes 2K and 14)        | 247,595                              | -                       | 278,839                | 321,356              | 847,790              | -                         | -                   | 847,790              | 426,813              |
| Food for house guests   | 1,275,862                            | -                       | -                      | -                    | 1,275,862            | -                         | -                   | 1,275,862            | 720,880              |
| Trips, outings and parties                                    | -                                    | 49,365                  | -                      | -                    | 49,365               | -                         | -                   | 49,365               | 31,755               |
| Education and counseling                                      | -                                    | -                       | 5,060                  | -                    | 5,060                | -                         | -                   | 5,060                | 276,831              |
| Transportation and other                                      | 626,751                              | -                       | -                      | -                    | 626,751              | -                         | -                   | 626,751              | 343,807              |
| Family room construction costs - hospital owned               | -                                    | -                       | -                      | 258,278              | 258,278              | -                         | -                   | 258,278              | 59,120               |
| Volunteer and staff recognition (Notes 2K and 14)             | -                                    | 13,522                  | -                      | -                    | 13,522               | -                         | -                   | 13,522               | 72,601               |
| Staff development   | 26,747                               | -                       | -                      | -                    | 26,747               | 5,517                     | 8,472               | 40,736               | 40,030               |
| Fundraising expenses (non-event) (Notes 2K and 14)            | -                                    | -                       | -                      | -                    | -                    | -                         | 1,201,760           | 1,201,760            | 204,609              |
| Event facilities, meal and entertainment                      | -                                    | -                       | -                      | -                    | -                    | -                         | 1,732,555           | 1,732,555            | 1,709,631            |
| Printing and publications                                     | -                                    | -                       | -                      | -                    | -                    | -                         | -                   | -                    | 31,299               |
| Professional fees (Notes 2K and 14)                           | 1,260,292                            | -                       | 40,000                 | -                    | 1,300,292            | 310,939                   | 378,252             | 1,989,483            | 1,719,134            |
| Telephone   | 315,767                              | 1,323                   | 329                    | 7,254                | 324,673              | 40,070                    | 104,852             | 469,595              | 183,342              |
| Insurance   | 339,518                              | -                       | -                      | -                    | 339,518              | 1,706                     | -                   | 341,224              | 342,705              |
| Postage, messenger and other                                  | 5,887                                | -                       | -                      | -                    | 5,887                | 1,207                     | 4,912               | 12,006               | 10,846               |
| Printing, postage and direct mail campaign expenses (Note 11) | 36,321                               | 640                     | 396,407                | -                    | 433,368              | 1,556                     | 1,279,526           | 1,714,450            | 1,717,543            |
| Travel  | 16,761                               | 2,835                   | 239                    | 1,612                | 21,447               | 3,139                     | 1,444               | 26,030               | 11,814               |
| Security  | 235,001                              | -                       | -                      | -                    | 235,001              | 1,181                     | -                   | 236,182              | 264,465              |
| Miscellaneous   | 329,104                              | -                       | 2,521                  | -                    | 331,625              | 29,096                    | 306,222             | 666,943              | 592,240              |
| Bad debt (Note 2F)  | -                                    | -                       | -                      | -                    | -                    | -                         | 5,500               | 5,500                | 57,353               |
| Depreciation (Notes 2E and 7)                                 | 1,568,200                            | -                       | -                      | -                    | 1,568,200            | 7,903                     | -                   | 1,576,103            | 2,125,442            |
| Interest expense and related fees (Note 8)                    | 237,981                              | -                       | -                      | -                    | 237,981              | 1,174                     | -                   | 239,155              | 249,117              |
| Subtotal  | 13,164,583                           | 554,515                 | 1,758,216              | 873,617              | 16,350,931           | 1,935,472                 | 7,341,789           | 25,628,192           | 20,718,311           |
| Less: cost of direct benefit to donors (Note 2J)              | -                                    | -                       | -                      | -                    | -                    | -                         | (1,071,515)         | (1,071,515)          | (1,013,773)          |
| <b>TOTAL EXPENSES</b>   | <b>\$ 13,164,583</b>                 | <b>\$ 554,515</b>       | <b>\$ 1,758,216</b>    | <b>\$ 873,617</b>    | <b>\$ 16,350,931</b> | <b>\$ 1,935,472</b>       | <b>\$ 6,270,274</b> | <b>\$ 24,556,677</b> | <b>\$ 19,704,538</b> |
| <b>TOTAL EXPENSES 2022</b>                                    | <b>\$ 10,085,955</b>                 | <b>\$ 611,778</b>       | <b>\$ 1,418,748</b>    | <b>\$ 441,183</b>    | <b>\$ 12,557,664</b> | <b>\$ 2,131,109</b>       | <b>\$ 5,015,765</b> | <b>\$ 19,704,538</b> |                      |

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

**RONALD MCDONALD HOUSE OF NEW YORK, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

For the Year Ended December 31, 2022

|   | Program Services     |                         |                        |                      | Supporting Services  |                           | Total<br>2022       |                      |
|---|----------------------|-------------------------|------------------------|----------------------|----------------------|---------------------------|---------------------|----------------------|
|   | Room<br>Occupancy    | Volunteer<br>Activities | Education &<br>Support | Outreach<br>Programs | Total<br>Program     | Management<br>and General |                     | Fundraising          |
| Salaries  | \$ 2,719,963         | \$ 382,441              | \$ 601,591             | \$ 139,766           | \$ 3,843,761         | \$ 1,193,623              | \$ 1,562,945        | \$ 6,600,329         |
| Payroll taxes and employee benefits (Note 9)                  | <u>692,503</u>       | <u>117,960</u>          | <u>175,084</u>         | <u>40,610</u>        | <u>1,026,157</u>     | <u>291,176</u>            | <u>421,032</u>      | <u>1,738,365</u>     |
| <b>Total Salaries and Related Costs</b>                       | 3,412,466            | 500,401                 | 776,675                | 180,376              | 4,869,918            | 1,484,799                 | 1,983,977           | 8,338,694            |
| Occupancy   | 331,689              | -                       | -                      | -                    | 331,689              | 1,667                     | -                   | 333,356              |
| Repairs and maintenance (Notes 2K and 14)                     | 437,615              | -                       | -                      | -                    | 437,615              | 2,199                     | -                   | 439,814              |
| Supplies (Notes 2K and 14)                                    | 303,083              | -                       | 383                    | -                    | 303,466              | 60,720                    | 50,884              | 415,070              |
| Family activity expenses:                                     |                      |                         |                        |                      |                      |                           |                     |                      |
| Program entertainment and enrichment (Notes 2K and 14)        | 99,258               | -                       | 214,637                | 112,918              | 426,813              | -                         | -                   | 426,813              |
| Food for house guests   | 720,880              | -                       | -                      | -                    | 720,880              | -                         | -                   | 720,880              |
| Trips, outings and parties                                    | -                    | 29,064                  | 2,691                  | -                    | 31,755               | -                         | -                   | 31,755               |
| Education and counseling                                      | 184,883              | -                       | 17,802                 | 74,146               | 276,831              | -                         | -                   | 276,831              |
| Transportation and other                                      | 343,807              | -                       | -                      | -                    | 343,807              | -                         | -                   | 343,807              |
| Family room construction costs - hospital owned               | -                    | -                       | -                      | 59,120               | 59,120               | -                         | -                   | 59,120               |
| Volunteer and staff recognition (Notes 2K and 14)             | -                    | 72,601                  | -                      | -                    | 72,601               | -                         | -                   | 72,601               |
| Staff development   | 23,630               | -                       | -                      | -                    | 23,630               | 6,705                     | 9,695               | 40,030               |
| Fundraising expenses (non event) (Notes 2K and 14)            | -                    | -                       | -                      | -                    | -                    | -                         | 204,609             | 204,609              |
| Event facilities, meal and entertainment                      | -                    | -                       | -                      | -                    | -                    | -                         | 1,709,631           | 1,709,631            |
| Printing and publications                                     | 29,763               | -                       | -                      | -                    | 29,763               | 1,536                     | -                   | 31,299               |
| Professional fees (Notes 2K and 14)                           | 847,222              | -                       | 30,000                 | -                    | 877,222              | 448,531                   | 393,381             | 1,719,134            |
| Telephone   | 113,739              | 569                     | 394                    | 3,298                | 118,000              | 18,064                    | 47,278              | 183,342              |
| Insurance   | 340,991              | -                       | -                      | -                    | 340,991              | 1,714                     | -                   | 342,705              |
| Postage, messenger and other                                  | 5,691                | 98                      | -                      | -                    | 5,789                | 1,642                     | 3,415               | 10,846               |
| Printing, postage and direct mail campaign expenses (Note 11) | -                    | -                       | 374,622                | -                    | 374,622              | -                         | 1,342,921           | 1,717,543            |
| Travel  | 7,055                | 115                     | 517                    | 1,881                | 9,568                | 1,383                     | 863                 | 11,814               |
| Security  | 264,465              | -                       | -                      | -                    | 264,465              | -                         | -                   | 264,465              |
| Miscellaneous   | 266,396              | 8,930                   | 1,027                  | -                    | 276,353              | 33,003                    | 282,884             | 592,240              |
| Bad debt (Note 2F)  | -                    | -                       | -                      | -                    | -                    | 57,353                    | -                   | 57,353               |
| Depreciation (Notes 2E and 7)                                 | 2,105,450            | -                       | -                      | 9,444                | 2,114,894            | 10,548                    | -                   | 2,125,442            |
| Interest expense and related fees (Note 8)                    | <u>247,872</u>       | <u>-</u>                | <u>-</u>               | <u>-</u>             | <u>247,872</u>       | <u>1,245</u>              | <u>-</u>            | <u>249,117</u>       |
| Subtotal  | 10,085,955           | 611,778                 | 1,418,748              | 441,183              | 12,557,664           | 2,131,109                 | 6,029,538           | 20,718,311           |
| Less: cost of direct benefit to donors (Note 2J)              | <u>-</u>             | <u>-</u>                | <u>-</u>               | <u>-</u>             | <u>-</u>             | <u>-</u>                  | <u>(1,013,773)</u>  | <u>(1,013,773)</u>   |
| <b>TOTAL EXPENSES</b>   | <u>\$ 10,085,955</u> | <u>\$ 611,778</u>       | <u>\$ 1,418,748</u>    | <u>\$ 441,183</u>    | <u>\$ 12,557,664</u> | <u>\$ 2,131,109</u>       | <u>\$ 5,015,765</u> | <u>\$ 19,704,538</u> |

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

**RONALD MCDONALD HOUSE OF NEW YORK, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

|   | <b>2023</b>         | <b>2022</b>         |
|---|---------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                     |                     |
| Change in net assets  | \$ (158,425)        | \$ (21,681,589)     |
| Adjustments to reconcile change in net assets to net cash used in operating activities: |                     |                     |
| Depreciation  | 1,576,103           | 2,125,442           |
| Bad debt  | 5,500               | 57,353              |
| Amortization of deferred financing costs  | 4,351               | 4,513               |
| Unrealized (gain) loss on investments   | (10,439,529)        | 15,518,907          |
| Realized loss on investment sales   | 560,280             | 68,558              |
| Changes in operating assets and liabilities:  |                     |                     |
| Decrease in assets:   |                     |                     |
| Contributions receivable  | 27,517              | 56,646              |
| Prepaid expenses and other assets   | 95,083              | 53,259              |
| (Decrease) increase in liabilities:   |                     |                     |
| Accounts payable and accrued expenses   | 66,832              | 536,458             |
| Refundable advances   | 347,701             | (390,394)           |
|   | <b>(7,914,587)</b>  | <b>(3,650,847)</b>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                     |                     |
| Purchases of property and equipment   | (592,110)           | (1,502,927)         |
| Proceeds from investment sales  | 19,360,180          | 6,454,254           |
| Purchases of investments  | (10,284,544)        | (1,062,728)         |
|   | <b>8,483,526</b>    | <b>3,888,599</b>    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>  |                     |                     |
| Repayments of bonds payable   | (333,333)           | (333,334)           |
|   | <b>(333,333)</b>    | <b>(333,334)</b>    |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                             | 235,606             | (95,582)            |
| Cash and cash equivalents - beginning of year   | 1,736,276           | 1,831,858           |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>  | <b>\$ 1,971,882</b> | <b>\$ 1,736,276</b> |
| <b>Supplemental Disclosure of Cash Flow Information:</b>                                |                     |                     |
| Cash paid for interest  | <b>\$ 234,804</b>   | <b>\$ 244,604</b>   |

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

**RONALD MCDONALD HOUSE OF NEW YORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES**

Since 1978, Ronald McDonald House New York (the “Organization”) has provided families with a supportive and caring environment consisting of comprehensive programs. The largest of the Organization’s programs currently is to provide a temporary home (the “House”) for families during their stay in New York while the child undergoes pediatric outpatient care at the hospital in New York City. The House 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 multi-faceted Playroom, and two outside terraces. Round trip transportation to and from hospital appointments and daily meals are also provided. The Organization does not charge families for any of the housing, programs or services provided.

The Organization recognizes the importance and benefit it provides to families who both stay at the House and those it serves in the NYC Community. Over the past 3 years, the House has embarked on a Strategic Plan of growth and diversification to further its reach in the Community and to ensure the longevity of the Organization. The Organization extensively researched the Social Determinants of Health and their impact on Health Equity in the most needed of its NYC Communities and those children and their families for whom it serves. The Organization’s Strategic Plan is built to specifically address this growing need through its expanded yet tailored Outreach Programs, Family Rooms, Wellness Offerings, Navigation and Family Support efforts, Transportation and Meal Programs, and enhancements at its 73<sup>rd</sup> Street Ronald McDonald House itself.

The Organization continues to offer programs to meet the needs of its diverse guests. The programs include education, tutoring, arts and crafts activities, and wellness for the caregiver. The Organization’s education programs allow patients and siblings to receive one-on-one tutoring, while its English as a Second Language (ESL) Program helps its international guests build their English skills. Other programs include Weird Science, Cooking Chronicles, Therapy Dog visits, and Teen Night which allow all children/young adults in residence the opportunity to have a sense of normalcy and fun. The Blavatnik Family Foundation Wellness Center has been a vital resource for the Organization’s caregivers. Services provided in the Center focus 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 comprehensive Hospitality Program serves children and families at 10 of its 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 programming at New York City Health and Hospitals. The Hospitality Cart Program provides healthy snacks and refreshments for caregivers, siblings and patients in the inpatient pediatric unit and pediatric rehabilitation unit. Lastly, the Ronald McDonald Family Rooms located at Kings County and Elmhurst Hospitals provide a place of respite for caregivers/parents with children in the NICU, PICU and Pediatric Units. In 2024, the Organization expects to open 2 additional Family Rooms serving Montefiore and Metropolitan Hospitals and adjacent communities.

The Organization is also able to expand its reach across New York City’s five boroughs and its diverse communities through digital, delivered and hybrid programs. The Programs team have been able to not only maintain but enhance and innovate new family programming. Services include their Programs to Go: Enrichment Series, Hospitality to Go, Go Snack Packs, Wellness to Go, and Wellness Caring Crates. These programs are curated to each population’s needs. The Organization’s programs are age-appropriate, enriching, and informative. They are aimed at keeping families close and engaged, particularly while in isolation and at patients’ bedsides. The Organization promotes active learning through hands-on experiences available and tailored to each family and individual. The Organization also assembles and delivers special physical and hybrid packages to patients (children) and caregivers. A virtual live stream/asynchronous viewing component allows them to meet the needs of those children and caregivers not able to leave their hospital bed, supporting an inclusive environment. The House has resumed most of its pre-pandemic activities, along with incorporating these virtual experiences, keeping with strict protocols to ensure the families are safe.

The Organization also provides services through its Family Support Department for all families staying at the House. This may include inpatient support for families when their children are admitted to a partner hospital or navigation services to help first-time families become acclimated to their environment in New York City, as well as following up and connecting them to needed resources when they are ready to return home.

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 from 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.

**RONALD MCDONALD HOUSE OF NEW YORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**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 ("U.S. GAAP").
- B. The Organization considers highly liquid instruments 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 classes:
- Without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

In 2022, the Board determined that a total of \$40,700,000 should be designated as follows: \$34,000,000 as a reserve for future operational needs representing approximately two years' of operating expenses, and a \$6,700,000 reserve to pay down the remaining balance on the fixed rate bond prior to its maturity date in May 2027. In 2023, the Board determined that \$52,000,000 should be designated for future operational needs and \$6,700,000 to pay down the remaining balance on the fixed rate bond, for a total of \$58,700,000.

- With donor restrictions – Net assets subject to donor-imposed stipulations, including stipulations that will be met either by actions of the Organization or the passage of time, stipulations that they be maintained in perpetuity by the Organization, and unappropriated endowment earnings. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished or earnings on investments held in perpetuity are appropriated for operations), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets related from restrictions.
- D. The preparation of financial statements in conformity with U.S. GAAP 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.
- 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.

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. As of December 31, 2023 and 2022, there were no impairments.

- F. Unconditional contributions that are expected to be collected within one year are recorded at net realizable value. Unconditional contributions 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 contributions applicable in the years in which the contributions are made by the donor, if material. Amortization of the discounts is included in contribution income. Conditional promises to give are not included as support until the conditions are substantially met. As of December 31, 2023 and 2022, conditional contributions have been received and are included in refundable advances. See Note 2L.

As of both December 31, 2023 and 2022, the Organization determined that an allowance for uncollectible contributions of \$150,000 was 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. For the years ended December 31, 2023 and 2022, the Organization determined that \$5,500 and \$57,353 of contributions receivable were uncollectible and were written off to bad debt expense.

**RONALD MCDONALD HOUSE OF NEW YORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Room donation revenue and receivable (included with prepaid expenses and other assets on the accompanying statements of financial position) are recorded when the families check in to stay at the Organization.

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

- G.** Investments are carried at fair value. Investment income, including realized and unrealized gains and losses, are recorded in net assets without donor restrictions unless there are restrictions that have been imposed by donors or other outside parties. Investment income on donor restricted endowments are recorded in net assets with donor restrictions until appropriated for spending by the Board.
- H.** 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 6.
- I.** The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Occupancy and depreciation are allocated on a square footage basis. Salaries and wages, benefits and payroll taxes are allocated on the basis of time and effort spent on various functions. All other expenses are directly charged by actual departmental use.

- J.** The direct costs of special events include expenses for the benefit of the donor. For example, meals, facilities rental are considered direct costs of special events.
- K.** The Organization's policy related to noncash contribution is to utilize the assets given to carry out the mission of the Organization. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset. Noncash contributions are recorded as revenue in the period in which they are received, and would typically be purchased had they not been provided by donation.
- L.** The Organization receives cash in advance of special events that are to be held after the statements 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. Included in refundable advances as of December 31, 2023 and 2022, are conditional contributions of approximately \$11,000 and \$125,000, respectively, for the special events that will incur in future years.
- M.** Certain items in the December 31, 2022 financial statements have been reclassified to conform to the December 31, 2023 presentation. These changes had no impact on the change in net assets for the year ended December 31, 2022.
- N.** The Organization adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-13, *Current Expected Credit Loss ("CECL")* (Topic 326) during the year ended December 31, 2023. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as CECL methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions and reasonable and supportable forecasts. The adoption of this ASU was not considered material to the financial statements.

**RONALD MCDONALD HOUSE OF NEW YORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 3 – LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following as of December 31:

|  | <u>2023</u>          | <u>2022</u>          |
|--|----------------------|----------------------|
| Cash and cash equivalents  | \$ 1,971,882         | \$ 1,736,276         |
| Contributions receivable, net  | 1,057,955            | 1,090,972            |
| Investments  | <u>91,981,140</u>    | <u>91,373,284</u>    |
| Total financial assets   | 95,010,977           | 94,200,532           |
| Less: donor and other imposed restrictions:  |                      |                      |
| Subject to specified purpose or passage of time  | (302,007)            | (528,329)            |
| Endowments perpetual in nature   | <u>(1,008,440)</u>   | <u>(948,958)</u>     |
| Financial assets net of donor and other imposed restrictions                           | 93,700,530           | 92,723,245           |
| Internal designation:  |                      |                      |
| Board designated for future operations   | <u>(58,700,000)</u>  | <u>(40,700,000)</u>  |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 35,000,530</u> | <u>\$ 52,023,245</u> |

As part of the Organization's liquidity management plan, the Organization invests excess cash beyond expected operating needs in short-term investments, CDs and money market funds. Occasionally, the Board designates a portion of any operating surplus to its Board operating reserve. The Organization is required to meet certain debt covenants requirements, (see Note 8).

**NOTE 4 – CONTRIBUTIONS RECEIVABLE, NET**

Contributions receivable, net consist of the following as of December 31:

|                                      | <u>2023</u>         | <u>2022</u>         |
|--------------------------------------|---------------------|---------------------|
| Amounts due in less than one year    | \$ 1,151,955        | \$ 1,100,972        |
| Amounts due in one to five years     | <u>56,000</u>       | <u>140,000</u>      |
|                                      | 1,207,955           | 1,240,972           |
| Allowance for uncollectible accounts | <u>(150,000)</u>    | <u>(150,000)</u>    |
|                                      | <u>\$ 1,057,955</u> | <u>\$ 1,090,972</u> |

**RONALD MCDONALD HOUSE OF NEW YORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 5 – INVESTMENTS**

Investments consist of the following as of December 31:

|                                 | 2023                 | 2022                 |   |
|---------------------------------|----------------------|----------------------|---|
| Cash                            | \$ 1,193,443         | \$ 534,339           |   |
| Money market funds              | 5,512,048            | 2,211,354            |   |
| Fixed income securities:        |                      |                      |   |
| Mutual funds                    | 10,078,344           | 15,127,574           |   |
| Mutual funds:                   |                      |                      |   |
| U.S. large cap                  | 14,158,055           | 11,414,838           |   |
| U.S. mid/small cap              | 549,311              | -                    |   |
| Non U.S. equities               | 7,123,182            | 6,160,643            |   |
| Subtotal                        | 38,614,383           | 35,448,748           |   |
| <b>Alternative investments:</b> |                      |                      |   |
| Hedge funds                     | 4,588,789            | 2,959,988            | A |
| Limited partnerships            | 42,749,290           | 43,884,277           | B |
| Other investments               | 6,028,678            | 9,080,271            | C |
| Subtotal                        | 53,366,757           | 55,924,536           |   |
| <b>Total Investments</b>        | <b>\$ 91,981,140</b> | <b>\$ 91,373,284</b> |   |

**Investments held for pension and deferred compensation plans:**

|              |            |            |
|--------------|------------|------------|
| Mutual funds | \$ 896,553 | \$ 700,796 |
|--------------|------------|------------|

- 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 the 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 Investment Committee and approved by the Board. The Portfolio investments are managed to produce a total return that, over a reasonable 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.

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.

**RONALD MCDONALD HOUSE OF NEW YORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 5 – INVESTMENTS (Continued)**

Included in investments as of December 31, 2023 and 2022, respectively, were \$896,553 and \$700,796, held for pension and deferred compensation plans and \$1,008,440 and \$948,958 permanently held for endowment as of December 31, 2023 and 2022, respectively.

Interest receivable of \$40,321 and \$33,436 as of December 31, 2023 and 2022, respectively, 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 return consisted of the following for the years ended December 31:

|                                     | <u>2023</u>          | <u>2022</u>           |
|-------------------------------------|----------------------|-----------------------|
| Interest and dividends              | \$ 823,053           | \$ 806,808            |
| Realized loss                       | (560,280)            | (68,558)              |
| Unrealized gain (loss)              | 10,439,529           | (15,518,907)          |
| Investment expenses                 | <u>(211,555)</u>     | <u>(227,278)</u>      |
| Total Investment Income (Loss), net | <u>\$ 10,490,747</u> | <u>\$(15,007,935)</u> |

**NOTE 6 – 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 the 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.

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 Net Asset Value ("NAV") of shares held by the Organization at year-end.

The NAV, as provided by the investment managers, is used as the practical expedient to estimate the fair value of the underlying investments. As of December 31, 2023 and 2022, the Organization had \$1,940,880 and \$0 of unfunded commitments to invest in these alternative investment funds, respectively. 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 5.

**RONALD MCDONALD HOUSE OF NEW YORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 6 – FAIR VALUE MEASUREMENTS (Continued)**

Financial assets carried at fair value at December 31, 2023 are classified in the table as follows:

|   | <u>Level 1</u>              | <u>Total 2023</u>           |
|---|-----------------------------|-----------------------------|
| <b>INVESTMENTS AT FAIR VALUE:</b>                           |                             |                             |
| Investments:  |                             |                             |
| Money market funds  | \$ 5,512,048                | \$ 5,512,048                |
| Fixed income securities:                                    |                             |                             |
| Mutual funds  | 10,078,344                  | 10,078,344                  |
| Mutual funds:   |                             |                             |
| U.S. large cap  | 14,158,055                  | 14,158,055                  |
| U.S. mid cap/small cap                                      | 549,311                     | 549,311                     |
| Non U.S. equities   | <u>7,123,182</u>            | <u>7,123,182</u>            |
|   | <u>37,420,940</u>           | <u>37,420,940</u>           |
| Alternative investments using NAV as a practical expedient: |                             |                             |
| Limited Partnerships  | -                           | 42,749,290                  |
| Hedge Funds   | -                           | 4,588,789                   |
| Other Investments   | <u>-</u>                    | <u>6,028,678</u>            |
| Cash (excluded from the fair value measurements)            | <u>-</u>                    | <u>1,193,443</u>            |
| <b>TOTAL INVESTMENTS AT FAIR VALUE</b>                      | <b><u>\$ 37,420,940</u></b> | <b><u>\$ 91,981,140</u></b> |

Financial assets carried at fair value at December 31, 2022 are classified in the table as follows:

|   | <u>Level 1</u>              | <u>Total 2022</u>           |
|---|-----------------------------|-----------------------------|
| <b>INVESTMENTS AT FAIR VALUE:</b>                           |                             |                             |
| Investments:  |                             |                             |
| Money market funds  | \$ 2,211,354                | \$ 2,211,354                |
| Fixed income securities:                                    |                             |                             |
| Mutual funds  | 15,127,574                  | 15,127,574                  |
| Mutual funds:   |                             |                             |
| U.S. large cap  | 11,414,838                  | 11,414,838                  |
| Non U.S. equities   | <u>6,160,643</u>            | <u>6,160,643</u>            |
|   | <u>34,914,409</u>           | <u>34,914,409</u>           |
| Alternative investments using NAV as a practical expedient: |                             |                             |
| Limited Partnerships  | -                           | 43,884,277                  |
| Hedge Funds   | -                           | 2,959,988                   |
| Other Investments   | <u>-</u>                    | <u>9,080,271</u>            |
| Cash (excluded from the fair value measurements)            | <u>-</u>                    | <u>534,339</u>              |
| <b>TOTAL INVESTMENTS AT FAIR VALUE</b>                      | <b><u>\$ 34,914,409</u></b> | <b><u>\$ 91,373,284</u></b> |

**RONALD MCDONALD HOUSE OF NEW YORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 6 – FAIR VALUE MEASUREMENTS (Continued)**

In addition, mutual funds which are classified as Level 1, amounting to \$896,553 and \$700,796 as of December 31, 2023 and 2022, respectively, are included in investments held for pension and deferred compensation plans on the accompanying statements of financial position and are classified as Level 1 in the fair value hierarchy.

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 NAVs of mutual funds are based on the quoted market-level prices of the underlying securities. Hedge funds and other alternative investments are designated using NAV a practical expedient 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 7 – PROPERTY AND EQUIPMENT, NET**

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

|                                   | <u>2023</u>          | <u>2022</u>          | <u>Estimated Useful Lives</u> |
|-----------------------------------|----------------------|----------------------|-------------------------------|
| Land                              | \$ 6,038,784         | \$ 6,038,784         |                               |
| Building                          | 48,183,575           | 48,183,575           | 30 years                      |
| Vehicle                           | 167,218              | 167,218              | 3 years                       |
| Furniture, fixtures and equipment | 19,349,252           | 19,155,237           | 3-10 years                    |
| Construction in progress          | <u>835,250</u>       | <u>437,155</u>       |                               |
| Total cost                        | 74,574,079           | 73,981,969           |                               |
| Less: Accumulated depreciation    | <u>(44,775,619)</u>  | <u>(43,199,516)</u>  |                               |
| Net book value                    | <u>\$ 29,798,460</u> | <u>\$ 30,782,453</u> |                               |

The construction in progress is in the developmental phase and additional costs to complete cannot be estimated as of December 31, 2023. The project is expected to be completed by 2025.

**NOTE 8 – BONDS PAYABLE, NET**

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 Offered Rate ("LIBOR") plus 0.694% and a \$10,000,000 2.9% fixed rate portion. The 2018 variable interest rate portion was 2.979%. During the year ended December 31, 2019, the variable interest rate portion of the 2016 issuance was repaid and the remaining deferred financing costs of \$15,084 were written off. The remaining Bond has a ten-year maturity, with interest and principal to be paid on a monthly basis; however, the Organization has the option to repay the Bond at any time. The current monthly principal payment is \$27,778 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, 2023, the Organization was in compliance with the Liquidity Ratio and with the Debt Service Coverage Ratio. As of December 31, 2022, the Organization was in compliance with the Liquidity Ratio, however, was not in compliance with the Debt Service Coverage Ratio. The Organization obtained a waiver of this requirement from JP Morgan Chase for December 31, 2022.

The Bonds are collateralized by a pledge of the Organization's 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.

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**NOTE 8 – BONDS PAYABLE, NET (Continued)**

Bonds payable, net are comprised of the following as of December 31:

|                                | 2023                | 2022                |
|--------------------------------|---------------------|---------------------|
| Bond financing                 | \$ 7,805,555        | \$ 8,138,888        |
| Less: Deferred financing costs | <u>(12,892)</u>     | <u>(17,243)</u>     |
| Bonds payable                  | <u>\$ 7,792,663</u> | <u>\$ 8,121,645</u> |

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 \$239,155 and \$249,117 for the years ended December 31, 2023 and 2022, respectively. Deferred financing costs consist of the following as of December 31:

|                                | 2023             | 2022             |
|--------------------------------|------------------|------------------|
| Deferred financing costs       | \$ 30,175        | \$ 30,175        |
| Less: Accumulated amortization | <u>(17,283)</u>  | <u>(12,932)</u>  |
| Deferred financing costs       | <u>\$ 12,892</u> | <u>\$ 17,243</u> |

The principal payments subsequent to December 31, 2023, on Bonds payable for each of the next four years are as follows:

|      |                     |
|------|---------------------|
| 2024 | \$ 333,333          |
| 2025 | 333,333             |
| 2026 | 333,333             |
| 2027 | <u>6,805,556</u>    |
|      | <u>\$ 7,805,555</u> |

The remaining principal balance will be paid as a balloon payment when the Bond matures on May 30, 2027.

**NOTE 9 – PENSION AND 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 bi-weekly basis. The contribution for the years ended December 31, 2023 and 2022 for the 401(k) Plans was \$423,418 and \$389,190, respectively. Additionally, eligible employees were allowed to make tax-deferred contributions to the 401(k) Plans up to certain limits as identified in the Code.

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 \$896,553 and \$700,796 as of December 31, 2023 and 2022, respectively, and are included in investments held for pension and deferred compensation plans and accrued expenses in the 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, 2023 and 2022, there were no employer contributions to the 403(b) Plan; only employee salary deferrals are contributed on a bi-weekly basis.

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**NOTE 10 – NET ASSETS**

Net assets with donor restrictions are available for the following purposes as of December 31:

|   | <u>2023</u>         | <u>2022</u>         |
|---|---------------------|---------------------|
| Purpose restricted                        | \$ 246,007          | \$ 388,329          |
| Time restricted                           | 56,000              | 140,000             |
| Perpetual in nature                       | <u>1,008,440</u>    | <u>948,958</u>      |
| Total Net Assets with donor restrictions: | <u>\$ 1,310,447</u> | <u>\$ 1,477,287</u> |

For the years ended December 31, 2023 and 2022, net assets with donor restrictions in the amounts of \$391,322 and \$1,173,627 were released by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors.

The Organization has net assets of \$1,103,915 originating 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 is 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 New York State 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 endowment fund’s fair value (averaged over a period of not less than the preceding five years) in any year.

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 without donor restrictions. Following September 17, 2010, the Board (or a designated committee of the Board) will determine (quarterly, using a rolling five-year average) how much of the earnings of such funds restricted in perpetuity shall be appropriated for expenditure up to 7%, as deemed prudent at the time. Any unappropriated earnings that would otherwise be considered without donor restrictions will be reflected as with donor restrictions until appropriated.

Changes in endowment net assets are as follows for the years ended December 31:

|   | <u>2023</u>                    | <u>2022</u>                    |
|---|--------------------------------|--------------------------------|
|   | <u>With Donor Restrictions</u> | <u>With Donor Restrictions</u> |
| Investment activity:                    |                                |                                |
| Interest and dividends                  | \$ 40,538                      | \$ 23,769                      |
| Unrealized gain (loss) on investments   | <u>18,944</u>                  | <u>(160,649)</u>               |
| Total investment activity               | 59,482                         | (136,880)                      |
| Endowment net assets, beginning of year | <u>948,958</u>                 | <u>1,085,838</u>               |
| Endowment net assets, end of year       | <u>\$ 1,008,440</u>            | <u>\$ 948,958</u>              |

**RONALD MCDONALD HOUSE OF NEW YORK, INC.**  
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**NOTE 10 – NET ASSETS (Continued)**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. The deficiency for the years ended December 31, 2023 and 2022 resulted from unfavorable market fluctuations that occurred in the economy as a whole, whereby the fair value of the donor-restricted endowment fund was below the amount that is required to be retained permanently, by \$95,475 and \$154,957, respectively.

As of December 31, 2023 and 2022, total endowment net assets of \$1,008,440 and \$948,958 respectively, are included with investments in the accompanying statements of financial position.

**NOTE 11 – 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, 2023 and 2022, the Organization incurred joint costs of \$1,186,788 and \$1,188,258, respectively, for informational materials and activities that were included in fundraising appeals. During the year ended December 31, 2023, \$396,407 was allocated to program expenses and \$790,381 was allocated to fundraising. During the year ended December 31, 2022, \$374,622 was allocated to program expenses and \$813,636 was allocated to fundraising.

**NOTE 12 – 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, 2023 and 2022, there was approximately \$1,513,000 and \$988,000, respectively, of cash and cash equivalents held by three 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, 2023 and 2022, there were approximately \$683,000 and \$263,000, respectively, of cash and cash equivalents held by financial institutions that exceeded the amount covered by the SIPC limits.

**NOTE 13 – CONTINGENCIES**

***A. Compliance Requirements***

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.

***B. Uncertain Tax Positions***

The Organization believes it had no uncertain tax positions as of December 31, 2023 and 2022 in accordance with FASB Accounting Standards Codification (“ASC”) Topic 740, *Income Taxes*, which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

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**NOTE 14 – CONTRIBUTED NONFINANCIAL ASSETS**

Noncash contributions and gifts in-kind included the following for the year ended December 31, 2023:

| <b><u>Nonfinancial Asset</u></b>         | <b><u>Amount</u></b> | <b><u>Usage in Programs/Activities</u></b> | <b><u>Donor-imposed Restrictions</u></b> | <b><u>Fair Value Technique</u></b>             |
|--|----------------------|--|--|--|
| Contributed professional fees            | \$ 321,600           | Program, management and general            | No associated donor restriction          | Based on fair value of services                |
| Contributed entertainment and enrichment | 91,537               | Program – Education & Support              | No associated donor restriction          | Based on cost of supplies, food and beverages. |
| Contributed supplies                     | 252,335              | Program – Room Occupancy                   | No associated donor restriction          | Based on cost of supplies, food and beverages. |
| Donated food                             | <u>485,470</u>       | Program – Volunteer Activities             | No associated donor restriction          | Based on cost of supplies, food and beverages. |
| Total                                    | <u>\$ 1,150,942</u>  |  |  |  |

Noncash contributions and gifts in-kind included the following for the year ended December 31, 2022:

| <b><u>Nonfinancial Asset</u></b>         | <b><u>Amount</u></b> | <b><u>Usage in Programs/Activities</u></b> | <b><u>Donor-imposed Restrictions</u></b> | <b><u>Fair Value Technique</u></b>             |
|--|----------------------|--|--|--|
| Contributed professional fees            | \$ 294,743           | Program, management and general            | No associated donor restriction          | Based on fair value of services                |
| Contributed entertainment and enrichment | 68,605               | Program – Education & Support              | No associated donor restriction          | Based on cost of supplies, food and beverages. |
| Contributed supplies                     | 140,272              | Program – Room Occupancy                   | No associated donor restriction          | Based on cost of supplies, food and beverages. |
| Donated food                             | <u>270,017</u>       | Program – Volunteer Activities             | No associated donor restriction          | Based on cost of supplies, food and beverages. |
| Total                                    | <u>\$ 773,637</u>    |  |  |  |

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 value of such contributed time amounted to \$430,304 and \$212,992, respectively, for the years ended December 31, 2023 and 2022.

**NOTE 15 – SUBSEQUENT EVENTS**

Management has evaluated events subsequent to the date of the statement of financial position through July 30, 2024, the date the financial statements were available to be issued.