



RMHC[®]
New York Metro

Keeping families close[®]

RONALD MCDONALD HOUSE CHARITIES NEW YORK METRO, INC.

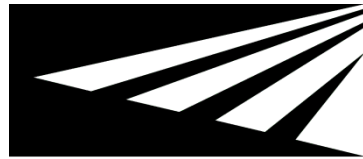
**FINANCIAL STATEMENTS
TOGETHER WITH AUDITOR'S REPORT**

**AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022**

RONALD MCDONALD HOUSE CHARITIES NEW YORK METRO, INC.
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AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022

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NawrockiSmith

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ronald McDonald House Charities New York Metro, Inc. 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ronald McDonald House Charities New York Metro, Inc. 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 within one year after the date that the financial statements are available to be issued.

NawrockiSmith

Auditor's 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 auditor's 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 generally accepted auditing standards 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, including omissions, 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.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- 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 audit 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.

Hauppauge, New York
May 1, 2024



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

ASSETS	2023	2022
CURRENT ASSETS:		
Unrestricted cash and cash equivalents	\$ 5,127,344	\$ 7,297,597
Restricted cash and cash equivalents	3,569,032	794,454
Accounts receivable	450,973	417,623
Contributions receivable, net	2,315,401	1,093,082
Investments	6,758,967	1,373,100
Prepaid expenses	134,981	128,250
Right-of-use operating lease asset	5,160	960
Total current assets	18,361,858	11,105,066
NONCURRENT ASSETS:		
Property and equipment, net of accumulated depreciation of \$11,219,720 and \$10,690,698, respectively	5,856,882	6,117,378
Restricted cash and cash equivalents	7,660,336	2,838,682
Contributions receivable, net	1,365,512	1,001,428
Investments	1,643,223	4,255,632
Restricted investments	500,000	500,000
Right-of-use operating lease asset	9,490	2,227
Total assets	\$ 35,397,301	\$ 25,820,413
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 143,527	\$ 100,252
Grants payable	1,170,881	1,079,162
Deferred revenue	-	5,000
Right-of-use operating lease liability	5,160	960
Total current liabilities	1,319,568	1,185,374
NONCURRENT LIABILITIES:		
Right-of-use operating lease liability	9,490	2,227
Total liabilities	1,329,058	1,187,601
NET ASSETS:		
Without donor restrictions		
Board designated for property and equipment	5,856,882	6,117,378
Board designated for Stony Brook House	3,100,000	3,100,000
Board designated for Regional Houses	600,000	1,600,000
Endowment Fund	1,723,481	1,497,864
Undesignated	7,377,599	6,089,924
Total net assets without donor restrictions	18,657,962	18,405,166
With donor restrictions		
	15,410,281	6,227,646
Total net assets	34,068,243	24,632,812
Total liabilities and net assets	\$ 35,397,301	\$ 25,820,413

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

RONALD MCDONALD HOUSE CHARITIES NEW YORK METRO, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT:						
Contributions	\$ 1,614,097	\$ 9,106,354	\$ 10,720,451	\$ 2,347,263	\$ 887,353	\$ 3,234,616
Special events revenue, net	1,445,607	161,360	1,606,967	1,018,767	40,760	1,059,527
Grant revenue	1,206,153	-	1,206,153	1,042,709	-	1,042,709
Donated rent, supplies and services	750,820	-	750,820	604,797	-	604,797
Guest family donations	44,396	-	44,396	53,764	-	53,764
Other income	-	-	-	1,387	-	1,387
Net assets released from restrictions	327,544	(327,544)	-	493,939	(493,939)	-
Total revenues and other support	5,388,617	8,940,170	14,328,787	5,562,626	434,174	5,996,800
EXPENSES:						
Program services	4,772,728	-	4,772,728	4,467,615	-	4,467,615
Management and general	464,745	-	464,745	415,408	-	415,408
Fundraising	925,177	-	925,177	963,539	-	963,539
Total expenses	6,162,650	-	6,162,650	5,846,562	-	5,846,562
CHANGE IN NET ASSETS FROM OPERATIONS	(774,033)	8,940,170	8,166,137	(283,936)	434,174	150,238
INVESTMENT INCOME (LOSS), NET	1,026,829	242,465	1,269,294	(1,604,850)	3,027	(1,601,823)
CHANGE IN NET ASSETS	252,796	9,182,635	9,435,431	(1,888,786)	437,201	(1,451,585)
NET ASSETS, BEGINNING OF YEAR	18,405,166	6,227,646	24,632,812	20,293,952	5,790,445	26,084,397
NET ASSETS, END OF YEAR	<u>\$ 18,657,962</u>	<u>\$ 15,410,281</u>	<u>\$ 34,068,243</u>	<u>\$ 18,405,166</u>	<u>\$ 6,227,646</u>	<u>\$ 24,632,812</u>

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

RONALD MCDONALD HOUSE CHARITIES NEW YORK METRO, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023				2022			
	Supporting Services				Supporting Services			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries	\$ 1,104,282	\$ 304,658	\$ 559,951	\$ 1,968,891	\$ 966,061	\$ 245,092	\$ 494,367	\$ 1,705,520
Employee benefits	96,220	34,257	41,649	172,126	79,906	20,473	29,239	129,618
Payroll taxes	86,737	22,988	37,902	147,627	72,986	18,512	34,329	125,827
Total salaries and related expenses	1,287,239	361,903	639,502	2,288,644	1,118,953	284,077	557,935	1,960,965
Grants	1,671,472	-	-	1,671,472	1,593,225	-	-	1,593,225
Family support services and supplies	713,308	-	-	713,308	609,710	357	147	610,214
Depreciation	515,277	3,933	9,812	529,022	495,720	6,133	8,626	510,479
Technology	102,688	9,558	12,580	124,826	80,436	11,098	13,125	104,659
Maintenance and repairs	119,610	887	2,213	122,710	245,437	3,144	4,422	253,003
Professional fees	-	39,167	82,100	121,267	-	42,045	207,100	249,145
Insurance	91,026	695	1,733	93,454	80,109	1,534	1,394	83,037
Utilities	85,926	656	1,636	88,218	103,398	1,279	1,799	106,476
Advertising	10,387	-	63,694	74,081	5,657	1,300	55,971	62,928
Other	7,086	10,477	54,628	72,191	5,736	8,872	54,929	69,537
Donated rent	68,181	521	1,298	70,000	67,976	841	1,183	70,000
Automobile	21,749	658	11,365	33,772	14,378	-	-	14,378
Travel, meals and entertainment	1,177	17,865	11,631	30,673	2,881	14,206	2,350	19,437
Office supplies	25,100	2,460	346	27,906	7,721	2,137	2,352	12,210
Printing and publishing	2,907	1,109	21,521	25,537	2,131	2,586	36,829	41,546
Telephone	19,899	152	379	20,430	20,473	253	356	21,082
Meetings, education and training	5,252	9,241	1,324	15,817	4,537	28,415	1,242	34,194
Volunteer recognition	15,542	-	-	15,542	1,603	108	-	1,711
Postage and delivery	2,100	26	5,986	8,112	1,500	39	10,718	12,257
Equipment lease	3,364	654	1,230	5,248	2,434	1,400	1,400	5,234
State charitable registrations	-	4,783	-	4,783	-	5,584	-	5,584
Security	3,438	-	-	3,438	3,600	-	-	3,600
Donor recognition	-	-	2,199	2,199	-	-	1,661	1,661
Total expenses	\$ 4,772,728	\$ 464,745	\$ 925,177	\$ 6,162,650	\$ 4,467,615	\$ 415,408	\$ 963,539	\$ 5,846,562

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

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

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 9,435,431	\$ (1,451,585)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	529,022	510,479
Net unrealized investment loss (gain)	(371,645)	1,838,543
(Increase) decrease in assets:		
Accounts receivable	(33,350)	114,572
Contributions receivable	(1,586,403)	919,108
Prepaid expenses	(6,731)	59,037
Operating lease asset	(11,463)	(3,187)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	43,275	25,387
Grants payable	91,719	6,781
Operating lease liability	11,463	3,187
Deferred revenue	(5,000)	5,000
Net cash provided by operating activities	<u>8,096,318</u>	<u>2,027,322</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	5,669,721	6,576,812
Purchases of investments	(8,071,534)	(6,146,781)
Purchases of property and equipment	(268,526)	(329,157)
Net cash provided (used) by investing activities	<u>(2,670,339)</u>	<u>100,874</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,425,979	2,128,196
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>10,930,733</u>	<u>8,802,537</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 16,356,712</u>	<u>\$ 10,930,733</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Acquisition of right-of-use assets via lease obligation	<u>\$ 16,187</u>	<u>\$ 4,017</u>
COMPONENTS OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH ON THE STATEMENTS OF FINANCIAL POSITION		
Unrestricted cash and cash equivalents	\$ 5,127,344	\$ 7,297,597
Restricted cash and cash equivalents - current	3,569,032	794,454
Restricted cash and cash equivalents - noncurrent	<u>7,660,336</u>	<u>2,838,682</u>
TOTAL CASH, CASH EQUIVALENTS AND RESTRICTED CASH	<u>\$ 16,356,712</u>	<u>\$ 10,930,733</u>

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

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Ronald McDonald House Charities New York Metro, Inc. (the "Organization") (formerly known as Ronald McDonald House of Long Island, Inc.) is a New York nonprofit charitable corporation formed in June 1985. The mission of Ronald McDonald House Charities ("RMHC") is to create, find and support programs that directly improve the health and well-being of children and their families. Collectively, RMHC and the network of local Chapters ascribe to five core values: we are focused on the critical needs of children, we lead with compassion, we celebrate the diversity of our people and our programs, we value our heritage and we operate with accountability and transparency.

The Organization fulfills its mission through operation of sustainable programs that enable family-centered care, bridge access to quality health care, are a vital part of the health care continuum and strengthen families during difficult times. The following programs, operated by the Organization, represent the core functions of Ronald McDonald House Charities New York Metro, Inc.:

Ronald McDonald House

When children must access top medical care, accommodations and support for families can be expensive or not readily available. The Organization helps families stay close to their ill or injured child through the Ronald McDonald House program located in New Hyde Park, NY which provides temporary lodging, meals and other support to children and their families. The program provides families with emotional and physical comfort and increases the caregivers' ability to spend more time with their child, to interact with their clinical care team and to participate in critical medical care decisions.

Ronald McDonald Family Room

When a child is critically ill, parents may be reluctant to leave the hospital. In order to provide comfort and support to their child, it is important that parents have an opportunity to rest, have a meal or have a moment of quiet. Located inside medical care facilities, the Ronald McDonald Family Room programs at Stony Brook University Hospital serve as a place of respite, relaxation and privacy for family members, often just steps away from where their child is being treated. The Ronald McDonald Family Room program provides parents with an opportunity to remain close to their hospitalized child and to be an active member of their child's health care team.

Basis of Presentation

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

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measure of Operations

The Organization's change in net assets from operations on the Statements of Activities and Changes in Net Assets includes all operating revenues and expenses that are an integral part of its program and supporting activities, net assets released from donor restrictions to support operating expenditures and other non-operating funds to support current operating activities. The measure of operations excludes investment return on investments.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management of the Organization to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash Equivalents

Cash equivalents include money market funds and all highly liquid investments with a maturity date of less than three months from the date of purchase. The Organization's cash balances that are maintained in bank accounts may exceed Federal Deposit Insurance Corporation limits from time to time. The Organization has not experienced any losses in such accounts and management believes that it is not exposed to any significant credit risk on cash.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Contributions Receivable

Contributions receivable are unconditional promises to give. 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 discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Contributions receivable are written off when deemed uncollectible.

The Organization is the beneficiary under various wills and trust agreements of which the total realizable amount is not presently determinable. Such amounts are recorded when a will is declared valid by probate court and the proceeds are measurable.

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statements of Financial Position. Realized and unrealized gains and losses and income are included in the Statements of Activities and Changes in Net Assets.

The Organization maintains master investment accounts for its donor-restricted and board-designated endowments. Realized and unrealized gains and losses from securities in the master investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of each endowment to the total fair value of the master investment accounts, as adjusted for additions to or deductions from those accounts.

Property and Equipment

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

Building	30 years
Building improvements	10 years
Furniture and fixtures	10 years
Vehicles	7 years
Computers and equipment	5 years

A half-year of depreciation is generally provided in the years of acquisition and disposal.

Impairment of Long-Lived Assets

The Organization evaluates its long-lived assets for any events or changes in circumstances which indicate that the carrying amount of such assets may not be fully recoverable. The Organization evaluates the recoverability of long-lived assets by measuring the carrying amount of such assets against the estimated undiscounted future cash flows associated with them. At the time such evaluation indicates that the future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying value of such assets, the assets are adjusted to their fair values. These principles did not have a material impact on the Organization's financial position, results of activities or liquidity during the years ended December 31, 2023 and 2022.

Donated Assets, Property and Equipment, and Services

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

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization also receives donated services from other contributors and volunteers that are not measurable, and therefore, are excluded from the financial statements.

Deferred Revenue

Income from sponsorships received in advance of future special events, which the resource provider is receiving commensurate value in return or a right of return exists if the event does not occur, is deferred and recognized over the periods to which the sponsorships relate.

Net Assets

The Organization's net assets and changes therein are classified and reported as follows:

Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions or law. The Board of Directors has designated, from net assets without donor restrictions, net assets for property and equipment, Stony Brook House, Regional Houses and the Endowment Fund.

With Donor Restrictions

Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenue Recognition

Contributions and Grants

Unconditional promises to give are recognized as revenue in the period the promise was made. Contributions, grants, and bequests are recognized as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Conditional grants and contract funds are recorded as revenue when earned. Revenue is earned when eligible expenditures or deliverables, as defined in each contract, are met. Funds received but not yet earned are shown as deferred revenue. Expenditures under contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Organization will record such disallowance at the time the final assessment is made.

Sponsorship Revenue

The portion of sponsorship revenue that relates to the commensurate value the sponsor received in return is recognized when the related events are held and performance obligations are met.

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Special Event Revenue - Ticket Sales

The portion of ticket sales that relates to the commensurate value the attendee receives in return is recognized when the related events are held and performance obligations are met.

Third-party Reimbursements

Third-party reimbursements are reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing housing to eligible families. These amounts are due from third party payors, as applicable, and include variable consideration and price concessions due to coverage. Revenue is recognized as performance obligations are satisfied based on actual charges incurred in relation to total expected collections.

Functional Expenses

The Statements of Functional Expenses report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include: depreciation, insurance, maintenance and repairs, rent, and utilities, which are allocated on a square footage basis; meetings, education and training, office supplies, technology and telephone, which are allocated based on actual usage; and salaries and wages, payroll taxes and employee benefits, which are allocated on the basis of management's estimates of time and effort.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income, if any, from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

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

Leases

The Organization determines if an arrangement is a lease at inception. Operating leases are included in right-of-use ("ROU") assets and lease liability in the Statements of Financial Position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the Statements of Financial Position.

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

The Organization has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

Reclassifications

Certain amounts have been reclassified for the year ended December 31, 2022 to conform to the presentation for the year ended December 31, 2023. The reclassifications had no impact on previously reported net assets.

(2) LIQUIDITY

Quantitative

As of December 31, 2023 and 2022 financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

	<u>2023</u>	<u>2022</u>
Financial assets		
Unrestricted cash and cash equivalents	\$ 5,127,344	\$ 7,297,597
Restricted cash and cash equivalents	3,569,032	794,454
Accounts receivable	450,973	417,623
Contributions receivable, net	2,315,401	1,093,082
Investments	<u>6,758,967</u>	<u>1,373,100</u>
Total financial assets	18,221,717	10,975,856
Less amounts not available to be used for general expenditures within one year		
Restricted by donors with purpose restrictions	<u>(3,569,032)</u>	<u>(794,454)</u>
Total financial assets to meet cash needs for general expenditures within one year	<u>\$ 14,652,685</u>	<u>\$ 10,181,402</u>

Qualitative

The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet several months of normal operating expenses, with a minimum of \$1,500,000 for the years ended December 31, 2023 and 2022, respectively.

Board Designated Endowment

In addition, although the Organization does not intend to spend from its Board-designated endowment, other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation, amounts from its Board-designated endowment could be made available if necessary. The Board may tap into the Endowment Fund from time-to-time based on the Organization's needs.

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(3) CONTRIBUTIONS RECEIVABLE

Contributions receivable consist primarily of pledges and bequests as of the years ended December 31, 2023 and 2022, respectively, which are mostly related to future expansion plans in Suffolk County:

	2023	2022
Amounts due in:		
Less than one year	\$ 2,315,401	\$ 1,093,082
One to five years	1,458,600	1,045,000
Total contributions receivable	3,774,001	2,138,082
Unamortized discount	93,088	43,572
Contributions receivable, net	\$ 3,680,913	\$ 2,094,510

The average discount rate used was 5.10% and 4.25% for the years ended December 31, 2023 and 2022, respectively.

(4) FAIR VALUE MEASUREMENT

In determining fair value, the Organization uses various valuation approaches within the fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability. A hierarchy for inputs is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Levels within the hierarchy are based on the reliability of inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;

Level 2 - Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and

Level 3 - Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models, and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

Investments:

Overall Investment Objective

The overall investment objective of the Organization is to invest its assets in a prudent manner that will achieve a long-term rate of return sufficient to fund a portion of its annual operating activities and increase investment value after inflation. The Organization diversifies its investments among various asset classes incorporating multiple strategies. Major investment decisions are authorized by the Board of Directors which oversees the Organization's investment program in accordance with established guidelines. The following is a description of the Organization's assets that are subject to fair value measurement:

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(4) FAIR VALUE MEASUREMENT (CONTINUED)

U.S. Equities

U.S. equities are invested principally in stocks, which can be actively or passively (index fund) managed. U.S. equities are principally categorized according to company size, the investment style of the holdings in the portfolio and geography. Size is determined by a company's market capitalization, while the investment style, reflected in the fund's stock holdings, is also used to categorize equity mutual funds.

Fixed Income

A type of investing for which real return rates or periodic income are received at regular intervals at reasonably predictable levels.

Alternative Strategies

Mainly consist of investments in hedge funds that are aggressively managed portfolios of investments using advanced investment strategies such as leveraged, long, short, and derivative positions in both domestic and international markets with the goal of generating high returns.

The fair values of assets measured on a recurring and nonrecurring basis as of December 31, 2023 are as follows:

	Quoted Prices in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV	Total
Investments					
Mutual Funds:					
U.S. equities	\$ 5,847,957	\$ -	\$ -	\$ -	\$ 5,847,957
Fixed income	2,090,997	-	-	-	2,090,997
Alternative strategies	-	963,236	-	-	963,236
	<u>\$ 7,938,954</u>	<u>\$ 963,236</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,902,190</u>
Total investments					

The fair values of assets measured on a recurring and nonrecurring basis as of December 31, 2022 are as follows:

	Quoted Prices in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV	Total
Investments					
Mutual Funds:					
U.S. equities	\$ 4,103,547	\$ -	\$ -	\$ -	\$ 4,103,547
Fixed income	1,693,558	-	-	-	1,693,558
Alternative strategies	-	331,627	-	-	331,627
	<u>\$ 5,797,105</u>	<u>\$ 331,627</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,128,732</u>
Total investments					

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(4) FAIR VALUE MEASUREMENT (CONTINUED)

Fair values for Level 1 investments are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair value of Level 2 investments are determined by reference to quoted prices for similar assets in less active markets. Fair value of Level 3 investments are determined from valuation techniques in which one or more inputs are unobservable. The carrying amounts of all other assets and liabilities reflected in the Statements of Financial Position for the Organization's financial instruments approximate their respective fair value due to the short-term maturities of those instruments. There have been no changes in valuation techniques and related inputs.

The composition of investment income on the Organization's investment portfolio for the years ended December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Realized and unrealized gains (losses), net	\$ 747,945	\$ (1,687,541)
Interest and dividend income	609,317	169,133
Less investment expenses	<u>(87,968)</u>	<u>(83,415)</u>
Investment income (loss), net	<u>\$ 1,269,294</u>	<u>\$ (1,601,823)</u>

(5) PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Building improvements	\$ 12,626,169	\$ 12,500,785
Building	2,698,578	2,698,579
Construction-in-process	885,530	834,287
Furniture and fixtures	659,996	568,096
Vehicles	121,277	121,277
Computers and equipment	<u>85,052</u>	<u>85,052</u>
Total, at cost	17,076,602	16,808,076
Accumulated depreciation	<u>11,219,720</u>	<u>10,690,698</u>
Total property and equipment	<u>\$ 5,856,882</u>	<u>\$ 6,117,378</u>

(6) BENEFICIAL USE OF LAND

The land in New Hyde Park upon which the Organization is situated is leased from Northwell Health (the "Hospital") (formerly known as North Shore/Long Island Jewish Medical Center). The lease requires a nominal charge for the use of the land and, therefore, is essentially donated by the Hospital. The use of the land is recorded at fair market value in the Statements of Functional Expenses as donated rent. For each of the years ended December 31, 2023 and 2022, donated rent of \$70,000 was included within donated rent, supplies and services in connection with this lease agreement.

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(7) GRANTS PAYABLE

Grants payable to other Houses within our chapter in future years as of December 31, 2023 and 2022 are as follows:

	2023	2022
Amounts due in:		
Less than one year	\$ 1,170,881	\$ 1,079,162

(8) ENDOWMENT FUND

The Organization's endowment consists of one individual fund established by a donor to provide annual funding for specific activities and general operations. The Endowment also includes certain net assets without donor restrictions that have been designated for endowment by the Board of Directors.

Before Raymond Albert Kroc, former owner of McDonald's, passed away in 1984, he set aside money for all of the Ronald McDonald Houses in the United States. The Organization opened in 1986 and was the 100th House in the Ronald McDonald House Corporate System. His estate donated \$500,000 to the Organization, which is donor restricted. As the endowment agreement is silent as to the Organization's ability to utilize the corpus of the endowment, the Organization follows the provisions of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). Pursuant to UPMIFA, the Organization's Board of Directors can designate the spending policy on endowments where the donor is silent with respect to such. As a result, the Organization has opted to retain the full \$500,000 as net assets with donor restrictions at all times. The Organization is required to segregate the donation in a separate investment account, and only the related investment income could be used to fulfill the Organization's mission.

The Organization's endowment net assets of \$500,000 at December 31, 2023 and 2022 are entirely net assets with donor restrictions. This balance is designated for long-term investment purposes.

Investment Return Objectives, Risk Parameters and Strategies

The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets. Those policies attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return while minimizing risk. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to prevent exposing the fund to unacceptable levels of risk.

The Organization has a policy of spending the investment income generated from its donor restricted funds, which is allowable under the donor guidelines. At December 31, 2023 and 2022, the Organization had accumulated investment returns which had not been segregated from the donor restricted investments. As such, these amounts have been reflected as net assets without donor restriction endowment funds.

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(8) ENDOWMENT FUND (CONTINUED)

Changes in endowment net assets and net assets by type of fund were as follows for the fiscal year ended December 31, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment fund, beginning of year	\$ 1,497,864	\$ 500,000	\$ 1,997,864
Investment return, net	<u>225,617</u>	<u>-</u>	<u>225,617</u>
Endowment fund, end of year	<u>\$ 1,723,481</u>	<u>\$ 500,000</u>	<u>\$ 2,223,481</u>

Changes in endowment net assets and net assets by type of fund were as follows for the fiscal year ended December 31, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment fund, beginning of year	\$ 2,035,864	\$ 500,000	\$ 2,535,864
Investment return (loss), net	<u>(538,000)</u>	<u>-</u>	<u>(538,000)</u>
Endowment fund, end of year	<u>\$ 1,497,864</u>	<u>\$ 500,000</u>	<u>\$ 1,997,864</u>

(9) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes and periods as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Stony Brook Capital Campaign	\$ 14,713,706	\$ 5,684,564
Endowment Fund	500,000	500,000
Program activities	<u>196,575</u>	<u>43,082</u>
	<u>\$ 15,410,281</u>	<u>\$ 6,227,646</u>

(10) NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors as follows for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Purpose restrictions accomplished:		
Stony Brook Capital Campaign	\$ 284,462	\$ 359,681
Program activities	<u>43,082</u>	<u>134,258</u>
	<u>\$ 327,544</u>	<u>\$ 493,939</u>

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(11) NET ASSETS WITHOUT DONOR RESTRICTIONS

The Organization's governing Board of Directors has designated net assets without donor restrictions for the following purposes as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Property and equipment	\$ 5,856,882	\$ 6,117,378
Stony Brook House	3,100,000	3,100,000
Regional Houses	600,000	1,600,000
Endowment Fund	1,723,481	1,497,864
Undesignated	<u>7,377,599</u>	<u>6,089,924</u>
	<u>\$ 18,657,962</u>	<u>\$ 18,405,166</u>

(12) CONTRIBUTED NONFINANCIAL ASSETS

The Organization received the following contributions of nonfinancial assets for the years ending December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Family support supplies	\$ 413,288	\$ 423,613
Meals	202,189	78,309
Rent	70,000	70,000
Maintenance and repair services	51,843	28,375
Marketing services	12,400	-
Office supplies	1,100	-
Technology services	<u>-</u>	<u>4,500</u>
	<u>\$ 750,820</u>	<u>\$ 604,797</u>

The Organization recognized contributed nonfinancial assets within revenue, including family support supplies, meals, rent, services, and office supplies.

Contributed food, household goods, clothing and office supplies were utilized in the following programs: Ronald McDonald House and Ronald McDonald Family Rooms. In valuing these items, the Organization estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.

Contributed rent is for the land where the Ronald McDonald House resides. In valuing the contributed land, which is located in New Hyde Park, NY, the Organization estimated the fair value on the basis of recent comparable sales prices in New Hyde Park, NY's real estate market.

Contributed services are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services.

All donated services and assets were utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the donated services and assets.

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(13) TAX-DEFERRED ANNUITY PLAN

The Organization has a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers all eligible employees of the Organization. The Organization's contribution matches the employee's contribution at 100% of the first 1% contributed, and then 50% of the next 6% and 5% contributed for the years ended December 31, 2023 and 2022, respectively. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code if they wish. Employer contributions to the plan were \$48,543 and \$43,904 for the years ended December 31, 2023 and 2022, respectively.

(14) LEASES

The Organization leases office equipment under long-term, non-cancelable lease agreements. The leases expire at various dates through 2027. In the normal course of business, it is expected that the leases will be renewed or replaced by a similar lease. Rental expenses recognized under these operating leases was \$4,810 and \$960 for the years ended December 31, 2023 and 2022, respectively.

The following table provides quantitative information concerning the Organization's leases accounted for under FASC ASC 842:

Lease costs:	
Operating lease cost	<u><u>\$ 4,810</u></u>
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from leases	<u><u>\$ 4,810</u></u>
Right-of-use assets obtained in exchange for new lease liabilities	<u><u>\$ 16,187</u></u>
Weighted-average remaining lease term	4 years
Weighted-average discount rate	4.52%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2023 is as follows:

Year Ending December 31:	
2024	\$ 5,160
2025	5,160
2026	4,680
2027	<u>350</u>
Total lease payments	15,350
Less: present value discount	<u>(700)</u>
Present value of lease liabilities	<u><u>\$ 14,650</u></u>

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(15) TRANSACTIONS WITH RELATED ENTITIES

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

Ronald McDonald House Charities, Inc. (“RMHC Global”), a separately registered nonprofit organization, ensures delivery of the mission across the globe. As a center of excellence, RMHC Global builds and sustains a robust infrastructure of support to the network of Chapters, including operations, licensing and compliance, finance, risk management, communications, marketing and development. The Organization receives 75% of net revenues from all national fundraising efforts facilitated by RMHC Global, as defined by the license agreement. During the years ended December 31, 2023 and 2022, the Organization received \$1,206,153 and \$929,418 , respectively, from these revenue streams.

(16) SUBSEQUENT EVENTS

Management evaluated subsequent events through May 1, 2024, the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in the financial statements.