

**RONALD MCDONALD HOUSE CHARITIES NEW YORK METRO, INC.**

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

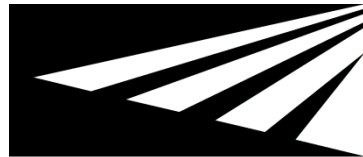
**AS OF AND FOR THE YEARS ENDED  
DECEMBER 31, 2021 AND 2020**

**RONALD MCDONALD HOUSE CHARITIES NEW YORK METRO, INC.**  
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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, 2021 and 2020, 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, 2021 and 2020, 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 26, 2022



**RONALD MCDONALD HOUSE CHARITIES NEW YORK METRO, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Unrestricted cash and cash equivalents	\$ 6,525,710	\$ 5,814,478
Restricted cash and cash equivalents	734,203	245,233
Accounts receivable	532,195	143,041
Contributions receivable, net	1,134,258	1,096,229
Investments	2,761,442	2,045,312
Prepaid expenses	187,287	63,629
Total current assets	11,875,095	9,407,922
<b>NONCURRENT ASSETS:</b>		
Property and equipment, net of accumulated depreciation of \$10,180,219 and \$9,658,753, respectively	6,298,700	6,532,904
Restricted cash and cash equivalents	1,542,624	1,224,555
Contributions receivable, net	1,879,360	-
Investments	5,135,864	4,717,458
Restricted investments	500,000	500,000
Total assets	\$ 27,231,643	\$ 22,382,839
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 74,865	\$ 133,118
Grants payable	1,072,381	600,000
Deferred revenue	-	7,143
Total current liabilities	1,147,246	740,261
<b>NET ASSETS:</b>		
Without donor restrictions		
Board designated for property and equipment	6,298,700	6,532,904
Board designated for Stony Brook House	3,100,000	3,100,000
Board designated for Regional Houses and Community Needs	1,700,000	1,816,840
Endowment Fund	2,035,864	1,617,458
Undesignated	7,159,388	5,509,359
Total net assets without donor restrictions	20,293,952	18,576,561
With donor restrictions	5,790,445	3,066,017
Total net assets	26,084,397	21,642,578
Total liabilities and net assets	\$ 27,231,643	\$ 22,382,839

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, 2021 AND 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT:						
Contributions	\$ 2,204,577	\$ 2,976,193	\$ 5,180,770	\$ 1,982,176	\$ 156,717	\$ 2,138,893
Grant revenue	1,374,838	-	1,374,838	897,439	-	897,439
Special events revenue, net	916,601	66,425	983,026	342,932	47,516	390,448
Donated rent, supplies and services	555,200	-	555,200	450,511	-	450,511
Room donations	74,225	-	74,225	34,590	-	34,590
Other income	9	-	9	107	-	107
Net assets released from restrictions	320,318	(320,318)	-	580,582	(580,582)	-
Total revenues and other support	<u>5,445,768</u>	<u>2,722,300</u>	<u>8,168,068</u>	<u>4,288,337</u>	<u>(376,349)</u>	<u>3,911,988</u>
EXPENSES:						
Program services	4,018,510	-	4,018,510	3,786,402	-	3,786,402
Management and general	338,099	-	338,099	338,936	-	338,936
Fundraising	503,179	-	503,179	649,300	-	649,300
Total expenses	<u>4,859,788</u>	<u>-</u>	<u>4,859,788</u>	<u>4,774,638</u>	<u>-</u>	<u>4,774,638</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>585,980</u>	<u>2,722,300</u>	<u>3,308,280</u>	<u>(486,301)</u>	<u>(376,349)</u>	<u>(862,650)</u>
NONOPERATING ACTIVITIES:						
Investment income, net	1,238,230	2,128	1,240,358	978,267	5,425	983,692
COVID-19 related expenses	(106,819)	-	(106,819)	(66,341)	-	(66,341)
CHANGE IN NET ASSETS	1,717,391	2,724,428	4,441,819	425,625	(370,924)	54,701
NET ASSETS, BEGINNING OF YEAR	<u>18,576,561</u>	<u>3,066,017</u>	<u>21,642,578</u>	<u>18,150,936</u>	<u>3,436,941</u>	<u>21,587,877</u>
NET ASSETS, END OF YEAR	<u>\$ 20,293,952</u>	<u>\$ 5,790,445</u>	<u>\$ 26,084,397</u>	<u>\$ 18,576,561</u>	<u>\$ 3,066,017</u>	<u>\$ 21,642,578</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, 2021 AND 2020**

	2021				2020			
	Supporting Services				Supporting Services			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries	\$ 929,571	\$ 196,435	\$ 299,850	\$ 1,425,856	\$ 1,080,551	\$ 197,446	\$ 385,837	\$ 1,663,834
Employee benefits	82,468	14,478	32,973	129,919	128,252	23,819	53,162	205,233
Payroll taxes	74,024	14,058	21,933	110,015	83,949	14,111	28,775	126,835
<b>Total salaries and related expenses</b>	<b>1,086,063</b>	<b>224,971</b>	<b>354,756</b>	<b>1,665,790</b>	<b>1,292,752</b>	<b>235,376</b>	<b>467,774</b>	<b>1,995,902</b>
Grants	1,403,169	-	-	1,403,169	1,000,000	-	-	1,000,000
Depreciation	510,255	4,496	6,715	521,466	535,582	3,807	6,672	546,061
Family support services and supplies	470,919	-	-	470,919	367,677	-	-	367,677
Maintenance and repairs	131,988	950	1,420	134,358	82,327	585	1,026	83,938
Technology	69,967	15,858	17,080	102,905	40,531	30,303	31,154	101,988
Utilities	89,881	792	1,183	91,856	57,734	410	719	58,863
Other	26,537	5,687	47,860	80,084	2,269	3,293	41,788	47,350
Insurance	73,814	650	971	75,435	55,564	395	692	56,651
Donated rent	68,495	604	901	70,000	68,657	488	855	70,000
Professional fees	-	48,952	-	48,952	33,934	49,409	39,950	123,293
Printing and publishing	760	-	34,415	35,175	264	59	27,768	28,091
Meetings, education and training	5,849	21,593	412	27,854	4,886	3,124	2,434	10,444
Security	25,725	-	-	25,725	37,853	-	-	37,853
Telephone	16,660	1,970	1,970	20,600	14,182	3,252	3,147	20,581
Advertising	513	1,054	18,362	19,929	1,975	-	14,166	16,141
Postage and delivery	1,294	402	11,405	13,101	1,727	598	7,593	9,918
Automobile	13,025	-	-	13,025	11,661	-	-	11,661
Volunteer recognition	9,845	540	-	10,385	3,982	-	-	3,982
Scholarship expense	8,840	-	-	8,840	164,410	-	-	164,410
Travel, meals and entertainment	801	1,927	3,419	6,147	4,179	24	1,300	5,503
Equipment lease	2,200	1,480	1,480	5,160	1,880	1,640	1,640	5,160
State charitable registrations	-	4,971	-	4,971	-	5,610	-	5,610
Office supplies	1,910	1,202	55	3,167	2,376	563	200	3,139
Donor recognition	-	-	775	775	-	-	422	422
<b>Total operating expenses</b>	<b>4,018,510</b>	<b>338,099</b>	<b>503,179</b>	<b>4,859,788</b>	<b>3,786,402</b>	<b>338,936</b>	<b>649,300</b>	<b>4,774,638</b>
COVID-19 related expenses	106,819	-	-	106,819	66,341	-	-	66,341
<b>Total expenses</b>	<b>\$ 4,125,329</b>	<b>\$ 338,099</b>	<b>\$ 503,179</b>	<b>\$ 4,966,607</b>	<b>\$ 3,852,743</b>	<b>\$ 338,936</b>	<b>\$ 649,300</b>	<b>\$ 4,840,979</b>

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, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 4,441,819	\$ 54,701
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	521,466	546,061
Net unrealized investment gain	(453,206)	(644,404)
(Increase) decrease in assets:		
Accounts receivable	(389,154)	134,161
Contributions receivable	(1,917,389)	858,317
Prepaid expenses	(123,658)	6,107
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(58,253)	(10,579)
Grants payable	472,381	(150,000)
Deferred revenue	(7,143)	5,597
	<u>2,486,863</u>	<u>799,961</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	888,422	317,694
Purchases of investments	(1,569,752)	(773,902)
Purchases of property and equipment	(287,262)	(540,510)
	<u>(968,592)</u>	<u>(996,718)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,518,271	(196,757)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>7,284,266</u>	<u>7,481,023</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 8,802,537</u>	<u>\$ 7,284,266</u>
<b>COMPONENTS OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH ON THE STATEMENTS OF FINANCIAL POSITION</b>		
Unrestricted cash and cash equivalents	\$ 6,525,710	\$ 5,814,478
Restricted cash and cash equivalents - current	734,203	245,233
Restricted cash and cash equivalents - noncurrent	1,542,624	1,224,555
	<u>\$ 8,802,537</u>	<u>\$ 7,284,266</u>
<b>TOTAL CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	<u>\$ 8,802,537</u>	<u>\$ 7,284,266</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, 2021 AND 2020**

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**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Ronald McDonald House Charities New York Metro, Inc. (the "Organization") is a New York nonprofit charitable corporation formed in June 1985. On August 30, 2019, the Ronald McDonald House of Long Island, Inc. effectuated a merger with Ronald McDonald House Charities New York Tri-State Area, Inc., a New Jersey nonprofit corporation, with Ronald McDonald House of Long Island, Inc. being the surviving corporation. The new organization was renamed Ronald McDonald House Charities New York Metro, Inc., and the Board of Directors is comprised of members from both of these organizations.

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 travel long distances to 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 program at Stony Brook University Hospital serves 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.

**Ronald McDonald House Charities Grants**

The Organization provides community grants to regional children's charities, as well as financial support through McDonald's fundraising to the independent Ronald McDonald Houses in the greater New York metro area.

**RONALD MCDONALD HOUSE CHARITIES NEW YORK METRO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**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.

**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.

**RONALD MCDONALD HOUSE CHARITIES NEW YORK METRO, INC.**  
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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.

**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, 2021 and 2020.

**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.**  
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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 Community Needs 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**  
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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 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.

**Reclassifications**

Certain amounts have been reclassified for the year ended December 31, 2020 to conform to the presentation for the year ended December 31, 2021. The reclassifications had no impact on previously reported net assets.

**(2) LIQUIDITY**

**Quantitative**

The Organization has \$11,875,095 and \$9,407,922 of financial assets, as of December 31, 2021 and 2020, respectively, available to meet cash needs for general expenditures within one year of the Statement of Financial Position date, as noted in the current assets section of the Statement. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the Statement of Financial Position date. The current contributions receivable are subject to time restrictions, but will be collected within one year.

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**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 \$1,000,000 for the years ended December 31, 2021 and 2020, 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.

**(3) CONTRIBUTIONS RECEIVABLE**

Contributions receivable consist primarily of pledges and bequests as of the years ended December 31, 2021 and 2020, respectively, which are mostly related to future expansion plans in Suffolk County:

	<u>2021</u>	<u>2020</u>
Amounts due in:		
Less than one year	\$ 1,134,258	\$ 1,096,229
One to five years	<u>2,000,000</u>	<u>-</u>
Total contributions receivable	3,134,258	1,096,229
Unamortized discount	<u>120,640</u>	<u>-</u>
Contributions receivable, net	<u><u>\$ 3,013,618</u></u>	<u><u>\$ 1,096,229</u></u>

The discount rate used for the year ended December 31, 2021 was 4.25%.

**(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.

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**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 and managers. 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:

**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.

**Money Market and Mutual Funds**

These funds are invested in savings accounts at various financial institutions and a money market mutual fund. Funds invested in savings accounts are valued based on the amount of deposited funds and net investment earnings, less withdrawals and fees. The money market mutual fund consists primarily of domestic commercial paper and other cash management instruments, such as repurchase agreements and master notes, U.S. government and corporate obligations and other securities of foreign issuers. The fund seeks to maintain a stable net asset value ("NAV") of \$1.

The Organization uses NAV per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate fair values of certain hedge funds, private equity funds, funds of funds, and limited partnerships, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

**Developed International**

Developed international mutual funds seek to replicate the returns and characteristics of an international index composed of securities from developed countries. The fund invests most of its net assets in securities listed in the MSCI Europe, Australia, and Far East Indies.

**Emerging Markets**

Emerging market funds seek long-term capital growth by investing most of their assets in equity securities of companies organized in countries considered to be in emerging markets.

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The fair values of assets measured on a recurring and nonrecurring basis as of December 31, 2021 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	\$ 5,764,714	\$ -	\$ -	\$ -	\$ 5,764,714
Money market and mutual funds	-	-	-	2,402,427	2,402,427
Exchange-Traded Funds:					
Developed international	-	176,535	-	-	176,535
Emerging markets	-	53,630	-	-	53,630
Total investments	<u>\$ 5,764,714</u>	<u>\$ 230,165</u>	<u>\$ -</u>	<u>\$ 2,402,427</u>	<u>\$ 8,397,306</u>

The fair values of assets measured on a recurring and nonrecurring basis as of December 31, 2020 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	\$ 4,706,789	\$ -	\$ -	\$ -	\$ 4,706,789
Money market and mutual funds	-	-	-	2,343,816	2,343,816
Exchange-Traded Funds:					
Developed international	-	160,227	-	-	160,227
Emerging markets	-	51,938	-	-	51,938
Total investments	<u>\$ 4,706,789</u>	<u>\$ 212,165</u>	<u>\$ -</u>	<u>\$ 2,343,816</u>	<u>\$ 7,262,770</u>

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, 2021 and 2020 are as follows:

	2021	2020
Interest and dividend income	\$ 130,056	\$ 161,634
Realized and unrealized gains, net	1,199,492	899,793
Less investment expenses	<u>(89,190)</u>	<u>(77,735)</u>
Investment income, net	<u>\$ 1,240,358</u>	<u>\$ 983,692</u>



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**(5) PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of December 31, 2021 and 2020:

	2021	2020
Building	\$ 2,698,579	\$ 2,698,579
Building improvements	12,300,001	12,188,978
Furniture and fixtures	557,002	548,127
Vehicles	121,277	121,277
Computers and equipment	85,052	85,052
Construction-in-process	717,008	549,644
Total, at cost	16,478,919	16,191,657
Accumulated depreciation	10,180,219	9,658,753
Total property and equipment	\$ 6,298,700	\$ 6,532,904

**(6) BENEFICIAL USE OF LAND**

The land in New Hyde Park upon which the Organization is situated is leased from North Shore/Long Island Jewish Medical Center (the "Hospital"). 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, 2021 and 2020, donated rent of \$70,000 was included within donated rent, supplies and services in connection with this lease agreement.

**(7) GRANTS PAYABLE**

Grants payable to other Houses within our chapter in future years as of December 31, 2021 and 2020 are as follows:

	2021	2020
Amounts due in:		
Less than one year	\$ 1,072,381	\$ 600,000

**(8) PAYCHECK PROTECTION PROGRAM**

Under the second round of Paycheck Protection Program funding, the Organization applied for and was approved for an additional \$340,455 loan. The loan was received on February 12, 2021. The loan accrues interest at 1%, with the first ten months of interest deferred, has a term of five years and is unsecured and guaranteed by the Small Business Administration. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Organization received forgiveness of \$340,455 on April 11, 2022, and the amount is reflected within grant revenue in the Statement of Activities and Changes in Net Assets.

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**(9) EMPLOYEE RETENTION CREDIT**

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance they will be fulfilled. During the year December 31, 2021, the Organization applied for the Employee Retention Credit ("ERC") from the Internal Revenue Service. The Organization recognized \$120,473 of grant revenue related to performance requirements being met in compliance with the program during the year ended December 31, 2021.

Eligibility and conditions for the ERC program may be audited by the IRS. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; management is of the opinion that any audit will not have a material adverse impact on the Organization's financial position.

**(10) 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 will be used for operations.

The Organization's endowment net assets of \$500,000 at December 31, 2021 and 2020 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.

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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, 2021 and 2020, 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.

Changes in endowment net assets and net assets by type of fund were as follows for the fiscal year ended December 31, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment fund, beginning of year	\$ 1,617,458	\$ 500,000	\$ 2,117,458
Investment return, net	<u>418,406</u>	<u>-</u>	<u>418,406</u>
Endowment fund, end of year	<u>\$ 2,035,864</u>	<u>\$ 500,000</u>	<u>\$ 2,535,864</u>

Changes in endowment net assets and net assets by type of fund were as follows for the fiscal year ended December 31, 2020:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment fund, beginning of year	\$ 1,291,631	\$ 500,000	\$ 1,791,631
Investment return, net	<u>325,827</u>	<u>-</u>	<u>325,827</u>
Endowment fund, end of year	<u>\$ 1,617,458</u>	<u>\$ 500,000</u>	<u>\$ 2,117,458</u>

**(11) NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes and periods as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Stony Brook Capital Campaign	\$ 5,156,187	\$ 2,469,788
Endowment Fund	500,000	500,000
Program activities	<u>134,258</u>	<u>96,229</u>
	<u>\$ 5,790,445</u>	<u>\$ 3,066,017</u>

**(12) 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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Purpose restrictions accomplished:		
Stony Brook Capital Campaign	\$ 224,089	\$ 531,032
Program activities	<u>96,229</u>	<u>49,550</u>
	<u>\$ 320,318</u>	<u>\$ 580,582</u>

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**(13) 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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Property and equipment	\$ 6,298,700	\$ 6,532,904
Stony Brook House	3,100,000	3,100,000
Regional Houses and Community Needs	1,700,000	1,816,840
Endowment Fund	2,035,864	1,617,458
Undesignated	<u>7,159,388</u>	<u>5,509,359</u>
	<u>\$ 20,293,952</u>	<u>\$ 18,576,561</u>

**(14) DONATED GOODS AND SERVICES**

The fair value of donated goods and services included as contributions in the financial statements and the corresponding expense categories for the year ended December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
In-kind corporate donations	\$ 333,361	\$ 127,757
Dinner/brunch program food supplies	94,742	182,282
Rent	70,000	70,000
House supplies	<u>57,097</u>	<u>70,472</u>
	<u>\$ 555,200</u>	<u>\$ 450,511</u>

**(15) 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 5% contributed. 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 \$41,080 and \$47,054 for the years ended December 31, 2021 and 2020, respectively.

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**(16) OPERATING LEASES**

The Organization has several non-cancelable operating leases, primarily for various forms of office equipment that expire at various dates through June 2026. Rental expense was \$5,160 for each of the years ended December 31, 2021 and 2020.

Future minimum lease payments under operating leases that have remaining terms in excess of one year are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 5,160
2023	960
2024	960
2025	960
2026	480
Total	\$ 8,520

**(17) 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, 2021 and 2020, the Organization received \$902,767 and \$510,139 , respectively, from these revenue streams.

**(18) RISKS AND UNCERTAINTIES**

During the year ended December 31, 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its 2022 operations and financial results. In addition, investment markets may continue to experience significant fluctuations. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

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**(19) SUBSEQUENT EVENTS**

Management evaluated subsequent events through May 26, 2022, 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.

**(20) RECENT ACCOUNTING PRONOUNCEMENTS**

**Leases**

In February 2016, the FASB issued amended guidance for the treatment of leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the Organization's leasing activities. The guidance will initially be applied using a modified retrospective approach. The amendments in the guidance will be effective for the year ending December 31, 2022. Early adoption is permitted. Management is evaluating the impact of the amended lease guidance on the Organization's financial statements.

**Contributed Nonfinancial Assets**

In September 2020, the FASB issued amended guidance for contributed nonfinancial assets. The guidance requires the presentation of contributed nonfinancial assets as a separate line item in the statement of activities, disclosure of the disaggregated amount by type and disclosure of qualitative information about whether the contributed nonfinancial assets were monetized or utilized during the reporting period as well as a description of the programs or other activities in which the assets were used. The guidance also requires disclosure of any donor-imposed restrictions and a description of valuation techniques. The amendments in the guidance will be effective for fiscal years beginning after June 15, 2021.