

RONALD MCDONALD HOUSE CHARITIES NEW YORK METRO, INC.

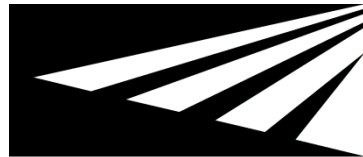
**FINANCIAL STATEMENTS
TOGETHER WITH AUDITOR'S REPORT**

**AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021**

RONALD MCDONALD HOUSE CHARITIES NEW YORK METRO, INC.
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AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021

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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, 2022 and 2021, 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, 2022 and 2021, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Organization adopted Financial Accounting Standards Board Accounting Standard Updates 2016-02, *Leases* and 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Our opinion is not modified with respect to these matters.

Hauppauge, New York
May 2, 2023



RONALD MCDONALD HOUSE CHARITIES NEW YORK METRO, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS:		
Unrestricted cash and cash equivalents	\$ 7,297,597	\$ 6,525,710
Restricted cash and cash equivalents	794,454	734,203
Accounts receivable	417,623	532,195
Contributions receivable, net	1,093,082	1,134,258
Investments	1,373,100	3,200,452
Prepaid expenses	128,250	187,287
Total current assets	11,104,106	12,314,105
NONCURRENT ASSETS:		
Property and equipment, net of accumulated depreciation of \$10,690,698 and \$10,180,219, respectively	6,117,378	6,298,700
Restricted cash and cash equivalents	2,838,682	1,542,624
Contributions receivable, net	1,001,428	1,879,360
Investments	4,255,632	4,696,854
Restricted investments	500,000	500,000
Right-of-use operating lease asset	3,187	-
Total assets	\$ 25,820,413	\$ 27,231,643
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 100,252	\$ 74,865
Grants payable	1,079,162	1,072,381
Deferred revenue	5,000	-
Right-of-use operating lease liability	960	-
Total current liabilities	1,185,374	1,147,246
NONCURRENT LIABILITIES:		
Right-of-use operating lease liability	2,227	-
Total liabilities	1,187,601	1,147,246
NET ASSETS:		
Without donor restrictions		
Board designated for property and equipment	6,117,378	6,298,700
Board designated for Stony Brook House	3,100,000	3,100,000
Board designated for Regional Houses	1,600,000	1,700,000
Endowment Fund	1,497,864	2,035,864
Undesignated	6,089,924	7,159,388
Total net assets without donor restrictions	18,405,166	20,293,952
With donor restrictions	6,227,646	5,790,445
Total net assets	24,632,812	26,084,397
Total liabilities and net assets	\$ 25,820,413	\$ 27,231,643

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, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT:						
Contributions	\$ 2,347,263	\$ 887,353	\$ 3,234,616	\$ 2,204,577	\$ 2,976,193	\$ 5,180,770
Special events revenue, net	1,018,767	40,760	1,059,527	916,601	66,425	983,026
Grant revenue	1,042,709	-	1,042,709	1,374,838	-	1,374,838
Donated rent, supplies and services	604,797	-	604,797	555,200	-	555,200
Room donations	53,764	-	53,764	74,225	-	74,225
Other income	1,387	-	1,387	9	-	9
Net assets released from restrictions	493,939	(493,939)	-	320,318	(320,318)	-
Total revenues and other support	5,562,626	434,174	5,996,800	5,445,768	2,722,300	8,168,068
EXPENSES:						
Program services	4,467,615	-	4,467,615	4,018,510	-	4,018,510
Management and general	415,408	-	415,408	338,099	-	338,099
Fundraising	963,539	-	963,539	503,179	-	503,179
Total expenses	5,846,562	-	5,846,562	4,859,788	-	4,859,788
CHANGE IN NET ASSETS FROM OPERATIONS	(283,936)	434,174	150,238	585,980	2,722,300	3,308,280
NONOPERATING ACTIVITIES:						
Investment income (loss), net	(1,604,850)	3,027	(1,601,823)	1,238,230	2,128	1,240,358
COVID-19 related expenses	-	-	-	(106,819)	-	(106,819)
CHANGE IN NET ASSETS	(1,888,786)	437,201	(1,451,585)	1,717,391	2,724,428	4,441,819
NET ASSETS, BEGINNING OF YEAR	20,293,952	5,790,445	26,084,397	18,576,561	3,066,017	21,642,578
NET ASSETS, END OF YEAR	<u>\$ 18,405,166</u>	<u>\$ 6,227,646</u>	<u>\$ 24,632,812</u>	<u>\$ 20,293,952</u>	<u>\$ 5,790,445</u>	<u>\$ 26,084,397</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, 2022 AND 2021

	2022				2021			
	Supporting Services				Supporting Services			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries	\$ 966,061	\$ 245,092	\$ 494,367	\$ 1,705,520	\$ 929,571	\$ 196,435	\$ 299,850	\$ 1,425,856
Employee benefits	79,906	20,473	29,239	129,618	82,468	14,478	32,973	129,919
Payroll taxes	72,986	18,512	34,329	125,827	74,024	14,058	21,933	110,015
Total salaries and related expenses	1,118,953	284,077	557,935	1,960,965	1,086,063	224,971	354,756	1,665,790
Grants	1,593,225	-	-	1,593,225	1,403,169	-	-	1,403,169
Family support services and supplies	609,710	357	147	610,214	470,919	-	-	470,919
Depreciation	495,720	6,133	8,626	510,479	510,255	4,496	6,715	521,466
Maintenance and repairs	245,437	3,144	4,422	253,003	131,988	950	1,420	134,358
Professional fees	-	42,045	207,100	249,145	-	48,952	-	48,952
Utilities	103,399	1,279	1,799	106,477	89,881	792	1,183	91,856
Technology	80,436	11,098	13,125	104,659	69,967	15,858	17,080	102,905
Insurance	80,109	1,534	1,394	83,037	73,814	650	971	75,435
Donated rent	67,976	841	1,183	70,000	68,495	604	901	70,000
Other	5,736	8,872	54,929	69,537	26,537	5,687	47,860	80,084
Advertising	5,657	1,300	55,971	62,928	513	1,054	18,362	19,929
Printing and publishing	2,131	2,586	36,828	41,545	760	-	34,415	35,175
Meetings, education and training	4,537	28,415	1,243	34,195	5,849	21,593	412	27,854
Telephone	20,472	253	356	21,081	16,660	1,970	1,970	20,600
Travel, meals and entertainment	2,881	14,206	2,350	19,437	801	1,927	3,419	6,147
Automobile	14,378	-	-	14,378	13,025	-	-	13,025
Postage and delivery	1,500	39	10,718	12,257	1,294	402	11,405	13,101
Office supplies	7,721	2,137	2,352	12,210	1,910	1,202	55	3,167
State charitable registrations	-	5,584	-	5,584	-	4,971	-	4,971
Equipment lease	2,434	1,400	1,400	5,234	2,200	1,480	1,480	5,160
Security	3,600	-	-	3,600	25,725	-	-	25,725
Volunteer recognition	1,603	108	-	1,711	9,845	540	-	10,385
Donor recognition	-	-	1,661	1,661	-	-	775	775
Scholarship expense	-	-	-	-	8,840	-	-	8,840
Total operating expenses	4,467,615	415,408	963,539	5,846,562	4,018,510	338,099	503,179	4,859,788
COVID-19 related expenses	-	-	-	-	106,819	-	-	106,819
Total expenses	\$ 4,467,615	\$ 415,408	\$ 963,539	\$ 5,846,562	\$ 4,125,329	\$ 338,099	\$ 503,179	\$ 4,966,607

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, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (1,451,585)	\$ 4,441,819
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	510,479	521,466
Net unrealized investment (gain) loss	1,838,543	(453,206)
(Increase) decrease in assets:		
Accounts receivable	114,572	(389,154)
Contributions receivable	919,108	(1,917,389)
Prepaid expenses	59,037	(123,658)
Operating lease asset	(3,187)	-
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	25,387	(58,253)
Grants payable	6,781	472,381
Operating lease liability	3,187	-
Deferred revenue	5,000	(7,143)
Net cash provided by operating activities	2,027,322	2,486,863
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	6,576,812	888,422
Purchases of investments	(6,146,781)	(1,569,752)
Purchases of property and equipment	(329,157)	(287,262)
Net cash provided (used) by investing activities	100,874	(968,592)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,128,196	1,518,271
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	8,802,537	7,284,266
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 10,930,733	\$ 8,802,537
SUPPLEMENTAL CASH FLOW INFORMATION:		
Acquisition of right-of-use assets via lease obligation	\$ 4,017	\$ -
COMPONENTS OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH ON THE STATEMENTS OF FINANCIAL POSITION		
Unrestricted cash and cash equivalents	\$ 7,297,597	\$ 6,525,710
Restricted cash and cash equivalents - current	794,454	734,203
Restricted cash and cash equivalents - noncurrent	2,838,682	1,542,624
TOTAL CASH, CASH EQUIVALENTS AND RESTRICTED CASH	\$ 10,930,733	\$ 8,802,537

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, 2022 AND 2021

(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 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.

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
DECEMBER 31, 2022 AND 2021

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.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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, 2022 and 2021.

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
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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.
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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 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.
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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.

Adoption of New Accounting Standards

Leases

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update 2016-02, *Leases (ASC 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (“ROU”) assets and lease liabilities on the Statement of Financial Position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

Contributed Nonfinancial Assets

In September 2020, the FASB issued amended guidance for contributed nonfinancial assets with ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. 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 Organization adopted ASU 2020-07 for the year ending December 31, 2022.

Reclassifications

Certain amounts have been reclassified for the year ended December 31, 2021 to conform to the presentation for the year ended December 31, 2022. The reclassifications had no impact on previously reported net assets.

(2) LIQUIDITY

Quantitative

The Organization has \$11,104,106 and \$12,314,105 of financial assets, as of December 31, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021, respectively, which are mostly related to future expansion plans in Suffolk County:

	<u>2022</u>	<u>2021</u>
Amounts due in:		
Less than one year	\$ 1,093,082	\$ 1,134,258
One to five years	<u>1,045,000</u>	<u>2,000,000</u>
Total contributions receivable	2,138,082	3,134,258
Unamortized discount	<u>43,572</u>	<u>120,640</u>
Contributions receivable, net	<u><u>\$ 2,094,510</u></u>	<u><u>\$ 3,013,618</u></u>

The discount rate used was 4.25% for each of the years ended December 31, 2022 and 2021.

(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.

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.

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.

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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.

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
Total investments	<u>\$ 5,797,105</u>	<u>\$ 331,627</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,128,732</u>

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>

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, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Interest and dividend income	\$ 169,133	\$ 130,056
Realized and unrealized gains (losses), net	(1,687,541)	1,199,492
Less investment expenses	<u>(83,415)</u>	<u>(89,190)</u>
Investment income (loss), net	<u>\$ (1,601,823)</u>	<u>\$ 1,240,358</u>

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(5) PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2022 and 2021:

	2022	2021
Building	\$ 2,698,579	\$ 2,698,579
Building improvements	12,500,785	12,300,001
Furniture and fixtures	568,096	557,002
Vehicles	121,277	121,277
Computers and equipment	85,052	85,052
Construction-in-process	834,287	717,008
Total, at cost	16,808,076	16,478,919
Accumulated depreciation	10,690,698	10,180,219
Total property and equipment	\$ 6,117,378	\$ 6,298,700

(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, 2022 and 2021, 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, 2022 and 2021 are as follows:

	2022	2021
Amounts due in:		
Less than one year	\$ 1,079,162	\$ 1,072,381

(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 for the year ended December 31, 2021.

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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, 2022 and 2021 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, 2022 and 2021, 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, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
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>

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>

(11) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes and periods as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Stony Brook Capital Campaign	\$ 5,684,564	\$ 5,156,187
Endowment Fund	500,000	500,000
Program activities	<u>43,082</u>	<u>134,258</u>
	<u>\$ 6,227,646</u>	<u>\$ 5,790,445</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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Purpose restrictions accomplished:		
Stony Brook Capital Campaign	\$ 359,681	\$ 224,089
Program activities	<u>134,258</u>	<u>96,229</u>
	<u>\$ 493,939</u>	<u>\$ 320,318</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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Property and equipment	\$ 6,117,378	\$ 6,298,700
Stony Brook House	3,100,000	3,100,000
Regional Houses	1,600,000	1,700,000
Endowment Fund	1,497,864	2,035,864
Undesignated	6,089,924	7,159,388
	<u>\$ 18,405,166</u>	<u>\$ 20,293,952</u>

(14) CONTRIBUTED NONFINANCIAL ASSETS

The Organization received the following contributions of nonfinancial assets for the years ending December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Family support supplies	\$ 423,613	\$ 433,231
Meals	78,309	37,969
Rent	70,000	70,000
Maintenance and repair services	28,375	12,500
Technology services	4,500	-
Office supplies	-	1,500
	<u>\$ 604,797</u>	<u>\$ 555,200</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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(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 \$43,904 and \$41,080 for the years ended December 31, 2022 and 2021, respectively.

(16) LEASES

The Organization leases a postage machine under a long-term, non-cancelable lease agreement. The lease expires in June 2026. In the normal course of business, it is expected that the lease will be renewed or replaced by similar a lease. Rental expense recognized under this operating lease was \$960 for each of the years ended December 31, 2022 and 2021.

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

Lease costs:	
Operating lease cost	<u><u>\$ 960</u></u>
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from leases	<u><u>\$ 960</u></u>
Right-of-use assets obtained in exchange for new lease liabilities	<u><u>\$ 4,017</u></u>
Weighted-average remaining lease term	3.5 years
Weighted-average discount rate	4.25%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2022 is as follows:

Year Ending December 31:	
2023	\$ 960
2024	960
2025	960
2026	<u>480</u>
Total lease payments	3,360
Less: present value discount	<u>(173)</u>
Present value of lease liabilities	<u><u>\$ 3,187</u></u>

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(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, 2022 and 2021, the Organization received \$929,418 and \$902,767, respectively, from these revenue streams.

(18) SUBSEQUENT EVENTS

Management evaluated subsequent events through May 2, 2023, 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.