

**Ronald McDonald House
at Maria Fareri Children's Hospital, Inc.
Operating as Ronald McDonald House
of the Greater Hudson Valley**

Financial Statements

December 31, 2023 and 2022

Independent Auditors' Report

The Board of Directors

Ronald McDonald House at Maria Fareri Children's Hospital, Inc.

Opinion

We have audited the accompanying financial statements of Ronald McDonald House at Maria Fareri Children's Hospital, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ronald McDonald House at Maria Fareri Children's Hospital, Inc. as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ronald McDonald House at Maria Fareri Children's Hospital, 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 Ronald McDonald House at Maria Fareri Children's Hospital, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

The Board of Directors

Ronald McDonald House at Maria Fareri Children's Hospital, Inc.

Page 2

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 Ronald McDonald House at Maria Fareri Children's Hospital, Inc.'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 Ronald McDonald House at Maria Fareri Children's Hospital, Inc.'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.

PKF O'Connor Davies, LLP

July 18, 2024

Ronald McDonald House at Maria Fareri Children's Hospital, Inc.

Statements of Financial Position

	December 31,	
	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,446,322	\$ 452,524
Contributions receivable, due within one year	85,684	89,037
Investments	4,502,533	3,979,620
Prepaid expense	4,000	529
Other current assets	<u>30,213</u>	<u>17,567</u>
Total Current Assets	6,068,752	4,539,277
NONCURRENT ASSETS		
Operating lease right of use asset, net	806,933	874,302
Furniture, fixture and décor, net	<u>1,015,678</u>	<u>1,141,204</u>
 Total Assets	 <u>\$ 7,891,363</u>	 <u>\$ 6,554,783</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and other accrued expenses	\$ 453,618	\$ 496,513
Current portion of operating lease liability	<u>80,392</u>	<u>79,203</u>
Total Current Liabilities	<u>534,010</u>	<u>575,716</u>
NONCURRENT LIABILITIES		
Operating lease liability, less current portion	<u>778,114</u>	<u>844,046</u>
Total Liabilities	<u>1,312,124</u>	<u>1,419,762</u>
NET ASSETS		
Without donor restrictions	5,624,272	4,902,363
With donor restrictions	<u>954,967</u>	<u>232,658</u>
Total Net Assets	<u>6,579,239</u>	<u>5,135,021</u>
 Total Liabilities and Net Assets	 <u>\$ 7,891,363</u>	 <u>\$ 6,554,783</u>

See notes to financial statements

Ronald McDonald House at Maria Fareri Children's Hospital, Inc.

Statements of Activities
Year Ended December 31,

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT						
Contributions	\$ 323,242	\$ 837,297	\$ 1,160,539	\$ 452,492	\$ 222,845	\$ 675,337
Grants from Ronald McDonald House Charities	391,584	-	391,584	396,869	-	396,869
Other grants	159,575	-	159,575	68,808	-	68,808
In-kind rent	690,646	-	690,646	651,000	-	651,000
In-kind contributions	293,599	-	293,599	1,232,275	-	1,232,275
Fundraising events, less cost with direct benefit to donors \$206,159 in 2023 and \$350,063 in 2022	397,669	-	397,669	237,341	-	237,341
Room donations/fees	6,477	-	6,477	9,379	-	9,379
Other revenue	43,971	-	43,971	935	-	935
Net assets released from restrictions	114,988	(114,988)	-	82,759	(82,759)	-
Total Revenues and Other Support	<u>2,421,751</u>	<u>722,309</u>	<u>3,144,060</u>	<u>3,131,858</u>	<u>140,086</u>	<u>3,271,944</u>
EXPENSES						
Program services	1,643,872	-	1,643,872	1,428,128	-	1,428,128
General and administrative	349,627	-	349,627	288,051	-	288,051
Fundraising	241,245	-	241,245	285,563	-	285,563
Total Expenses	<u>2,234,744</u>	<u>-</u>	<u>2,234,744</u>	<u>2,001,742</u>	<u>-</u>	<u>2,001,742</u>
CHANGE IN NET ASSETS FROM OPERATIONS BEFORE NON OPERATING ACTIVITIES	187,007	722,309	909,316	1,130,116	140,086	1,270,202
NON OPERATING ACTIVITIES						
Investment return	534,902	-	534,902	(516,484)	-	(516,484)
CHANGE IN NET ASSETS	721,909	722,309	1,444,218	613,632	140,086	753,718
NET ASSETS						
Beginning of Year	<u>4,902,363</u>	<u>232,658</u>	<u>5,135,021</u>	<u>4,288,731</u>	<u>92,572</u>	<u>4,381,303</u>
End of Year	<u>\$ 5,624,272</u>	<u>\$ 954,967</u>	<u>\$ 6,579,239</u>	<u>\$ 4,902,363</u>	<u>\$ 232,658</u>	<u>\$ 5,135,021</u>

See notes to financial statements

Ronald McDonald House at Maria Fareri Children's Hospital, Inc.

Statement of Functional Expenses
Year Ended December 31, 2023

	Program Services	General and Administrative	Fundraising	Direct Cost of Special Events	Total Expenses
Salaries	\$ 342,111	\$ 156,050	\$ 102,033	\$ -	\$ 600,194
Payroll taxes and benefits	38,109	17,694	12,249	-	68,052
Total Salaries and Related Expenses	380,220	173,744	114,282	-	668,246
Family support services and supplies	358,826	-	-	-	358,826
License expense	73,398	5,985	2,446	-	81,829
In-kind rent expense	606,201	64,236	20,209	-	690,646
Event rental expense	-	-	-	141,352	141,352
Auction items	-	-	-	44,573	44,573
Insurance	36,987	2,692	1,233	-	40,912
Professional fees	-	58,748	14,687	-	73,435
Computer expense	12,232	13,916	17,433	-	43,581
Housekeeping service	31,603	1,663	-	-	33,266
Office expense	6,337	2,024	8,964	-	17,325
Depreciation	123,160	8,962	4,106	-	136,228
Meetings, education and training	3,932	5,909	5,273	-	15,114
Travel, meals, and entertainment	-	8,872	8,872	-	17,744
Repairs and maintenance	6,306	459	211	-	6,976
Advertising	4,197	-	6,223	-	10,420
Postage and printing	473	2,417	3,033	3,832	9,755
Bank fee	-	-	4,450	-	4,450
Other expense	-	-	29,823	16,402	46,225
Total Expenses	1,643,872	349,627	241,245	206,159	2,440,903
Less cost with direct benefit to donor	-	-	-	(206,159)	(206,159)
Total Expenses Reported by Function on the Statements of Activities	\$ 1,643,872	\$ 349,627	\$ 241,245	\$ -	\$ 2,234,744

See notes to financial statements

Ronald McDonald House at Maria Fareri Children's Hospital, Inc.

Statement of Functional Expenses
Year Ended December 31, 2022

	Program Services	General and Administrative	Fundraising	Direct Cost of Special Events	Total Expenses
Salaries	\$ 303,111	\$ 114,821	\$ 75,500	\$ -	\$ 493,432
Payroll taxes and benefits	35,182	16,071	10,298	-	61,551
Total Salaries and Related Expenses	<u>338,293</u>	<u>130,892</u>	<u>85,798</u>	-	<u>554,983</u>
Family support services and supplies	271,753	-	-	-	271,753
License expense	75,741	5,513	2,524	-	83,778
In-kind rent expense	588,545	42,835	19,620	-	651,000
Event rental expense	-	-	-	174,829	174,829
Auction items	-	-	-	145,036	145,036
Insurance	32,385	2,357	1,080	-	35,822
Professional fees	-	74,447	102,000	-	176,447
Computer expense	12,647	14,388	18,024	-	45,059
Housekeeping service	35,364	1,861	-	-	37,225
Office expense	9,506	3,037	13,448	-	25,991
Depreciation	55,637	4,049	1,855	-	61,541
Meetings, education and training	742	1,115	995	-	2,852
Travel, meals, and entertainment	-	5,964	5,964	-	11,928
Repairs and maintenance	2,334	170	78	-	2,582
Advertising	3,585	-	5,315	-	8,900
Postage and printing	1,596	1,368	9,819	19,659	32,442
Bank fee	-	55	16,354	-	16,409
Other expense	-	-	2,689	10,539	13,228
Total Expenses	<u>1,428,128</u>	<u>288,051</u>	<u>285,563</u>	<u>350,063</u>	<u>2,351,805</u>
Less cost with direct benefit to donor	<u>-</u>	<u>-</u>	<u>-</u>	<u>(350,063)</u>	<u>(350,063)</u>
Total Expenses Reported by Function on the Statements of Activities	<u>\$ 1,428,128</u>	<u>\$ 288,051</u>	<u>\$ 285,563</u>	<u>\$ -</u>	<u>\$ 2,001,742</u>

See notes to financial statements

Ronald McDonald House at Maria Fareri Children's Hospital, Inc.

Statements of Cash Flows
Year Ended December 31,

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,444,218	\$ 753,718
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	136,228	61,541
Amortization of right-of-use asset	67,369	66,332
Net realized and unrealized (gain) loss on investments	(425,722)	574,690
Donated furniture and fixture	-	(924,595)
Change in operating assets and liabilities		
Pledges receivable	-	-
Contributions receivable	3,353	3,603
Prepaid expense	(3,471)	8,171
Other current assets	(12,646)	50,485
Accounts payable and accrued expenses	(42,895)	66,101
Operating lease liability	<u>(64,743)</u>	<u>(62,542)</u>
Net Cash From Operating Activities	<u>1,101,691</u>	<u>597,504</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture, fixture and décor	(10,702)	(81,666)
Purchases of investments	(97,191)	(3,487,462)
Proceeds from sale of investments	<u>-</u>	<u>3,002,073</u>
Net Cash From Investing Activities	<u>(107,893)</u>	<u>(567,055)</u>
 NET CHANGE IN CASH AND CASH EQUIVALENTS	993,798	30,449
 CASH AND CASH EQUIVALENTS		
Beginning of Year	<u>452,524</u>	<u>422,075</u>
End of Year	<u>\$ 1,446,322</u>	<u>\$ 452,524</u>

See notes to financial statements

Ronald McDonald House at Maria Fareri Children's Hospital, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

1. Nature of Organization, Tax Status and Mission Statement

Ronald McDonald House at Maria Fareri Children's Hospital, Inc. (operating as Ronald McDonald House of the Greater Hudson Valley) (the "Organization") is a non-profit organization. The Organization operates in Westchester County, New York. 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: The critical needs of children, lead with compassion, celebrate the diversity of people and the Organization's programs, value their heritage, and operate with accountability and transparency.

The Organization's mission, through operation of sustainable programs that enable family-centered care and bridge access to quality health care, is a vital part of the health care continuum to strengthen families during difficult times. The Ronald McDonald House represents the core functions of Ronald McDonald House at Maria Fareri Children's Hospital, 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(s) located in Westchester County, New York, which provide 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.

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; and therefore no provision has been made for federal income taxes in the accompanying financial statements. The Organization is a public charity under Section 509(a)(1) of the Internal Revenue Code.

2. Summary of Significant Accounting Policies

Basis of Accounting

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

Ronald McDonald House at Maria Fareri Children's Hospital, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

2. Summary of Significant Accounting Policies (*continued*)

Change in Accounting Principle

In June 2016, the Financial Accounting Standards Board issued an accounting pronouncement related to the measurement of credit losses on financial instruments. This pronouncement and subsequently issued Accounting Standards Updates, clarified certain provisions of the new guidance, changed the incurred loss model for most financial assets and required the use of an expected loss model for instruments measured at amortized cost and certain other instruments that are not measured at fair value through net income. Under this model, entities are required to estimate the lifetime expected credit losses on such instruments and record an allowance to offset the amortized cost basis of the financial asset, resulting in a net presentation of the amount expected to be collected on the financial asset. The adoption of this guidance on January 1, 2023 did not have a material effect on its financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and 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.

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.

Allowance for Uncollectible Receivables

An allowance for uncollectible receivables is estimated based on a combination of write-off history, aging analysis and any specific known troubled accounts. At December 31, 2023 and 2022, management believes that no allowance for uncollectible receivables is required.

Ronald McDonald House at Maria Fareri Children's Hospital, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

2. Summary of Significant Accounting Policies *(continued)*

Fair Value of Financial Instruments

The Organization follows U.S. GAAP guidance on fair value measurements, which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable and are used to the extent that observable inputs do not exist.

Investment Valuation

Investments are carried at fair value.

Investment Income

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

Furniture, Fixtures and Décor

Furniture, fixtures, and décor are stated at cost, or if donated, at the approximate fair value at the date of donation. Acquisition of furniture, fixtures and décor in excess of \$1,000 are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets which range from 3 to 6 years.

License Commitment

The Organization evaluates its agreements and determines if its arrangements contain any lease components at inception. The Organization treats the leases within the license commitments as an operating lease which gives rise to the right-of-use ("ROU") asset and related operating lease liability on the statements of financial position. The Organization did not have any finance type leases during 2023 and 2022.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized as the lease commencement date based on the present value of lease payments over the lease term. The lease does not provide an implicit borrowing rate. The Organization uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU asset included any lease payments made and excludes lease incentives.

Ronald McDonald House at Maria Fareri Children's Hospital, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

2. Summary of Significant Accounting Policies *(continued)*

License Commitment (continued)

The lease terms may include options to extend or terminate the lease and when it is reasonably certain that the Organization will exercise that option, such amounts are included in ROU assets and lease liabilities. Lease expense for license payments is recognized on a straight-line basis over the lease term.

The Organization's license agreements do not contain any material residual value guarantees or material restrictive covenants.

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. No impairment charges were required to be recorded for the years ended December 31, 2023 and 2022.

Measure of Operations

The Organization's change in net assets from operations before non-operating activities on the statements of activities includes all contribution, operating revenues and expenses that are an integral part of its program and supporting activities, and net assets released from donor restrictions to support operating expenditures. The measure of operations excludes investment return on investments.

Contributions

All contributions are considered available for general use, unless specifically restricted by the donor or subject to other legal restrictions. The Organization's policy is to report as without donor-imposed restrictions when the restrictions are met in the same year that the contributions are received. Marketable securities received as a gift or bequests are recorded at fair value at the date of contribution.

Grants

Grants are generally recorded as revenue at time of receipt. Unconditional promises to give are recognized as revenue in the period made. Conditional promises are recorded when the conditions are met. Unconditional promise to give securities and donated services are recorded at their fair value. All grants are considered available for general use unless specifically restricted by the donor.

Ronald McDonald House at Maria Fareri Children's Hospital, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

2. Summary of Significant Accounting Policies *(continued)*

Contributions of Nonfinancial Assets

The Organization follows the provisions of Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958). ASU 2020-07 brings more transparency and consistency to the presentation and disclosure of gifts-in-kind. The standard does not change the accounting for gifts-in-kind, however, provides matters related to presentation and disclosure. Donated professional services are recognized in the financial statements if the services enhance or create nonfinancial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

The Organization recorded the following contribution and service as follows for the years ended December 31, 2023 and 2022.

For the year-ended December 31, 2023:

	<u>Value</u>	<u>Utilization in Program/Activities</u>	<u>Donor Restriction</u>	<u>Fair Value Techniques</u>
In-kind rent	\$ 690,646	Program, Management and general and fundraising	None	(a)
House supplies	223,532	Program service	None	(b)
Professional fee	14,687	Fundraising	None	(c)
Fundraising event	55,380	Direct cost of Special events	None	(b)
	<u>\$ 984,245</u>			

For the year-ended December 31, 2022:

	<u>Value</u>	<u>Utilization in Program/Activities</u>	<u>Donor Restriction</u>	<u>Fair Value Techniques</u>
In-kind rent	\$ 651,000	Program, Management and general and fundraising	None	(a)
House supplies	116,881	Program service	None	(b)
Professional fee	102,000	Fundraising	None	(c)
Fundraising event	88,799	Direct cost of Special events	None	(b)
Capitalized furniture and fixtures	924,595	Furniture, fixture and décor in Statement of Financial Position	None	(b)
	<u>\$ 1,883,275</u>			

- (a) Fair value is based on the square footage utilized by the Organization.
- (b) Fair value is based on the estimate of retail values that would be received for selling similar products.
- (c) Fair value of services is based on current rates for similar service.

Ronald McDonald House at Maria Fareri Children's Hospital, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

2. Summary of Significant Accounting Policies (*continued*)

Functional Allocation of Expenses

The statements of functional expenses report certain categories of expenses that are attributable to 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, repairs and maintenance, and rental expense, which are allocated on a square footage basis. Payroll taxes and benefits, meetings, education and training, office expense, and computer expense, which are allocated based on full-time equivalents. Salaries and benefits are allocated on the basis of estimates of time and effort.

Advertising

Advertising costs are expensed as incurred. For the years ended December 31, 2023 and 2022, total advertising expenses were \$10,420 and \$8,900.

Accounting for Uncertainty in Income Taxes

The Organization recognizes the effect of income tax positions only when they are more likely than not to be sustained. Management has determined that the Organization has no uncertain tax positions that would require financial statement recognition or disclosure. The Organization is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to December 31, 2020.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is July 18, 2024.

3. Liquidity and Availability of Financial Assets

The following reflects the Organization's available financial assets, reduced by amounts not available for general use within one year. Amounts not available for use within one year include financial assets received with donor restrictions that are designated for a specific purpose, timeline or contractual obligation, and have been earmarked as resources available for future years.

Ronald McDonald House at Maria Fareri Children's Hospital, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

3. Liquidity and Availability of Financial Assets *(continued)*

Total financial assets available to meet cash needs for general expenditure within one year are as follows at December 31:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,446,322	\$ 452,524
Contributions receivable, due within one year	85,684	89,037
Investments	<u>4,502,533</u>	<u>3,979,620</u>
Less: Donor imposed purpose restrictions that are not expected to be met within one year	954,967	167,658
Board designated net assets	<u>716,402</u>	-
Total Financial Assets Available Within One Year	<u>\$ 5,079,572</u>	<u>\$ 4,353,523</u>

Liquidity Management

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. As part of liquidity management, the Organization invests any excess cash. The Organization's primary sources of support are contributions and income from investments held, and the majority of that support is not subject to donor or other contractual restrictions that make them unavailable for general expenditures.

4. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consists primarily of cash, investments and contributions receivable. At times, the cash and investment balance may be in excess of the FDIC's and SIPC's insurance limits. The Organization places its cash with various financial institutions and limits the amount of credit exposure at any one financial institution. The Organization routinely assesses the diversification and financial strength of its cash and investment portfolios with the assistance of an independent investment consultant. The investment portfolio is diversified by type of investment and industry concentrations so that no individual investment, investment advisor, investment manager, or group of investments represents a significant concentration of credit risk. Deposits held at financial institutions insured by the Federal Deposit Insurance Corporation ("FDIC") are insured up to \$250,000. Investment holdings at financial institutions insured by the Securities Investor Protection Corporation ("SIPC") are insured up to \$500,000 (\$250,000 for cash holdings). At times, the cash balance may be in excess of the FDIC and/or SIPC limit. At December 31, 2023 and 2022, the Organization uninsured cash and cash equivalents on deposit totaled approximately \$584,000 and \$102,000. At December 31, 2023 and 2022, the Organization's uninsured investment holdings totaled approximately \$4,003,000 and \$3,466,000.

During the years ended December 31, 2023 and 2022, RMHC made an unrestricted grant to the Organization which comprised approximately 12% and 15% of the Organization's total revenues and other support for the years then ended. During the year ended December 31, 2023, a single donor made contributions to the Organization which comprised approximately 25% of the Organization's total revenue and other support for the year then ended.

Ronald McDonald House at Maria Fareri Children's Hospital, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

5. Investments

The Organization's investments categorized by the fair value on a recurring basis, for those investments subject to categorization in the fair value hierarchy are as follows at December 31:

	2023		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Certificates of deposit	\$ -	\$ 1,599,195	\$ 1,599,195
Common Stock	2,361,659	-	2,361,659
U.S. treasury note	541,679	-	541,679
	<u>\$ 2,903,338</u>	<u>\$ 1,599,195</u>	<u>\$ 4,502,533</u>
	2022		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Certificates of deposit	\$ -	\$ 98,745	\$ 98,745
U.S. treasury note	3,880,875	-	3,880,875
	<u>\$ 3,880,875</u>	<u>\$ 98,745</u>	<u>\$ 3,979,620</u>

The Organization's certificates of deposit are insured by the FDIC and have maturity dates from three to twelve months from the statement of financial position date.

Ronald McDonald House at Maria Fareri Children's Hospital, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

6. Furniture, Fixtures, and Décor

Furniture, fixtures and décor consists of the following at December 31:

	<u>2023</u>	<u>2022</u>
Donated furniture, fixtures and décor	\$ 1,767,452	\$ 1,756,750
Accumulated depreciation	<u>(751,774)</u>	<u>(615,546)</u>
	<u>\$ 1,015,678</u>	<u>\$ 1,141,204</u>

7. Net Assets

Board Designated

Board designated net assets are part of net assets without donor restrictions. As of December 31, 2023 board designated net assets amounted to \$716,802. As of December 31, 2022 there were no Board designated net assets.

8. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for donor specified purposes as follows at December 31:

	<u>2023</u>	<u>2022</u>
Time restriction	\$ -	\$ 65,000
Purpose restrictions:		
Capital contribution fund	900,000	100,000
Food and beverages	18,883	40,217
Miscellaneous	<u>36,084</u>	<u>27,441</u>
	<u>954,967</u>	<u>167,658</u>
	<u>\$ 954,967</u>	<u>\$ 232,658</u>

The amounts released from restriction were as follows for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Time restriction	\$ 65,000	\$ 69,000
Purpose restrictions:		
Food and beverages	29,359	6,367
Miscellaneous	<u>20,629</u>	<u>7,392</u>
	<u>\$ 114,988</u>	<u>\$ 82,759</u>

Ronald McDonald House at Maria Fareri Children's Hospital, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

9. Donated Facilities and License Fee

In 2011, Maria Fareri Children's Hospital (the "Hospital") completed the construction of a free-standing, 15,700 square foot house with 12 family rooms to be used by the Organization to carry out its purpose of providing housing to the families of children being cared for at the Hospital. The house also contains office space for the Organization, common area living and dining space, washers and dryers, and two kitchens.

An amendment to the license agreement provides the Organization with the use of the house until 2031 with a 3 year extension under certain circumstances. The agreement shall not automatically renew for such renewal term if the Hospital determines, in its sole reasonable discretion, that the house requires an investment of ten percent (10%) or more of the then-current fair market value of the house (a "Major Capital Investment"), which fair market value shall be determined by an independent third party; and neither the Hospital nor the Organization choose to undertake such Major Capital Investment (in the event the Hospital chooses not to make such Major Capital Investment, the Organization shall have the option to do so at its sole expense). On or before the 14th anniversary of the commencement of the agreement, Hospital shall begin consideration of the necessity of a Major Capital Investment in the new building. In the event the Organization determines that a Major Capital Investment is required, the parties shall begin, at least six months prior to the end of the initial term of the agreement, good faith discussions regarding whether the Hospital or upon its declination, the Hospital chooses to undertake the Major Capital Investment upon the end of the initial term. If neither party chooses to undertake the Major Capital Investment determined by the Hospital to be necessary, the agreement shall terminate effective at the end of the twenty 20-year initial term. If either party chooses to undertake such Major Capital Investment determined by the Hospital to be necessary, the agreement shall automatically renew for the renewal term.

The house was completed and the Organization began operations in the new space in April 2011. The Hospital does not require the payment of rent for space. The Hospital can terminate the license with 30 days notice. The Organization is only responsible of the license fee for the operating expenses.

Operating lease right of use asset consists of the following at December 31,:

	<u>2023</u>	<u>2022</u>
Operating lease right of use asset	\$ 940,634	\$ 940,634
Accumulated amortization- operating lease	<u>(133,701)</u>	<u>(66,332)</u>
	<u>\$ 806,933</u>	<u>\$ 874,302</u>

Ronald McDonald House at Maria Fareri Children's Hospital, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

9. Donated Facilities and License Fee (*continued*)

Below is a summary of pertinent information related to the license fee as of and for the year ended December 31:

	<u>2023</u>	<u>2022</u>
Operating license cost	\$ 81,187	\$ 79,203
Short-term license cost	-	-
Supplemental cash flow information		
Cash paid for amounts included in the measurement of license liabilities - operating leases	\$ 81,829	\$ 78,037
Weighted average remaining license term in years	10.8	11.8
Weighted average discount rate	1.63%	1.63%

Future minimum license fee payments due under the non-cancellable agreement as of December 31, 2023 are as follows:

Year ending December 31,		
2024	\$	80,392
2025		81,594
2026		82,820
2027		84,069
2028		85,330
Thereafter		<u>523,850</u>
Total future minimum license payments		938,055
Less present value discount		<u>(79,549)</u>
Total license liability		858,506
Less current portion		<u>(80,392)</u>
License liability, less current portion	\$	<u><u>778,114</u></u>

Total license expense for the years ended December 31, 2023 and 2022 was \$81,187 and \$79,203.

The fair value of the donated rent was based estimated or the market value on the 15,700 square foot house. For the years ended December 31, 2023 and 2022, the Organization recognized \$690,646 and \$651,000, and is included in the statements of functional expenses as in-kind rent expense.

10. Related Party Transactions

The Organization's legal affairs are handled by a law firm in which a member of the Board of Directors is a partner. No legal fees to this firm were incurred in 2023 and 2022.

During the years ended December 31, 2023 and 2022, the Organization received contributions from Board members totaling \$859,433 and \$52,969.

Ronald McDonald House at Maria Fareri Children's Hospital, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

11. Fundraising Events

The Organization records gross receipts from special fundraising events that consist of exchange transaction revenue and contribution revenue. For the years ended December 31, 2023 and 2022, the Organization's special fundraising events revenue consists of the following:

	<u>2023</u>	<u>2022</u>
Contributions	\$ 442,293	\$ 151,042
In-kind contributions	55,380	88,799
Special events exchange transaction revenue	<u>106,155</u>	<u>347,563</u>
Special events revenue, gross	<u><u>\$ 603,828</u></u>	<u><u>\$ 587,404</u></u>

The Organization sponsors and participates in fundraising events sponsored by third parties. The ratio of expenses to amounts raised is computed using actual direct expenses and related contributions on the accrual basis.

The Organization's major fundraising events in 2023 and 2022 were as follows:

	<u>2023</u>						
	<u>Golf Outing</u>	<u>Walkathon</u>	<u>Clay Shoot</u>	<u>Third Party Fundraising</u>	<u>Walk-Hudson</u>	<u>Other</u>	<u>Total</u>
Revenue	\$ 173,543	\$ 80,606	\$ 155,333	\$ 103,065	\$ 56,841	\$ 34,440	\$ 603,828
Cost with direct benefit to donors	<u>75,497</u>	<u>18,896</u>	<u>80,532</u>	<u>4,117</u>	<u>12,413</u>	<u>14,704</u>	<u>206,159</u>
Net Income	<u><u>\$ 98,046</u></u>	<u><u>\$ 61,710</u></u>	<u><u>\$ 74,801</u></u>	<u><u>\$ 98,948</u></u>	<u><u>\$ 44,428</u></u>	<u><u>\$ 19,736</u></u>	<u><u>\$ 397,669</u></u>
	<u>2022</u>						
	<u>Golf Outing</u>	<u>Walkathon</u>	<u>Clay Shoot</u>	<u>Third Party Fundraising</u>	<u>Walk-Hudson</u>	<u>Other</u>	<u>Total</u>
Revenue	\$ 142,528	\$ 76,838	\$ 205,392	\$ 58,727	\$ 74,326	\$ 29,593	\$ 587,404
Cost with direct benefit to donors	<u>69,850</u>	<u>12,000</u>	<u>131,143</u>	<u>18,517</u>	<u>10,662</u>	<u>107,891</u>	<u>350,063</u>
Net Income	<u><u>\$ 72,678</u></u>	<u><u>\$ 64,838</u></u>	<u><u>\$ 74,249</u></u>	<u><u>\$ 40,210</u></u>	<u><u>\$ 63,664</u></u>	<u><u>\$ (78,298)</u></u>	<u><u>\$ 237,341</u></u>

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