

RONALD MCDONALD HOUSE OF NEW YORK, INC.



Financial Statements
(Together with Independent Auditors' Report)

Years Ended December 31, 2014 and 2013

M A R K S P A N E T H

ACCOUNTANTS & ADVISORS

RONALD MCDONALD HOUSE OF NEW YORK, INC.

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

YEARS ENDED DECEMBER 31, 2014 AND 2013

CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Statements of Financial Position	2
Statements of Activities.....	3
Statements of Functional Expenses.....	4-5
Statements of Cash Flows.....	6
Notes to Financial Statements.....	7-18

Marks Paneth LLP
685 Third Avenue
New York, NY 10017
P 212.503.8800
F 212.370.3759
www.markspaneth.com

New York City
Washington, DC
New Jersey
Long Island
Westchester
Cayman Islands

M A R K S P A N E T H
ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Ronald McDonald House of New York, Inc. (the "Organization") which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2014 and 2013, 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.

Marks Paneth LLP

New York, NY
April 21, 2015



An independent member of
Morison International

RONALD MCDONALD HOUSE OF NEW YORK, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2014 AND 2013

	2014	2013
ASSETS		
Cash and cash equivalents (Notes 2B and 10)	\$ 3,086,551	\$ 2,909,649
Prepaid expenses and other receivables (Notes 2F and 4)	760,953	725,201
Contributions and pledges receivable, net (Notes 2F and 3)	1,074,829	1,503,435
Investments (Notes 2G, 2H, 4 and 12)	81,212,539	50,283,214
Restricted funds (Notes 4, 6, 7 and 12)	1,141,776	1,016,557
Property and equipment, net (Notes 2E, 2K, 5, and 6)	18,862,903	27,069,325
Deferred financing costs, net (Note 6)	21,305	33,313
TOTAL ASSETS	\$ 106,160,856	\$ 83,540,694
LIABILITIES		
Accounts payable and accrued expenses (Note 7)	\$ 1,887,300	\$ 2,424,380
Refundable advances (Note 2M)	61,320	116,165
Bonds payable (Note 6)	4,600,000	5,600,000
TOTAL LIABILITIES	6,548,620	8,140,545
COMMITMENTS AND CONTINGENCIES (Note 11)		
NET ASSETS (Note 2C)		
Unrestricted:		
Available for operations	53,430,899	50,928,237
Net investment in property and equipment	14,284,208	21,502,638
Designated for future use (Note 8)	30,125,000	1,388,154
Total unrestricted	97,840,107	73,819,029
Temporarily restricted (Note 8)	668,214	477,205
Permanently restricted (Notes 4 and 8)	1,103,915	1,103,915
TOTAL NET ASSETS	99,612,236	75,400,149
TOTAL LIABILITIES AND NET ASSETS	\$ 106,160,856	\$ 83,540,694

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

RONALD MCDONALD HOUSE OF NEW YORK, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2014 AND 2013

	Year Ended December 31, 2014			Year Ended December 31, 2013				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2014	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2013
PUBLIC SUPPORT AND REVENUE:								
Public Support:								
Special events revenue	\$ 8,803,994	\$ -	\$ -	\$ 8,803,994	\$ 11,118,697	\$ -	\$ -	\$ 11,118,697
Less: cost of direct benefit to donors (Note 2J)	(1,407,794)	-	-	(1,407,794)	(1,644,445)	-	-	(1,644,445)
Special event, net	7,396,200	-	-	7,396,200	9,474,252	-	-	9,474,252
Bequests (Note 2F)	80,139	-	-	80,139	726,453	-	-	726,453
Direct mail contributions	2,306,345	-	-	2,306,345	2,228,686	-	-	2,228,686
Contributions (Note 2K)	3,025,491	812,492	-	3,837,983	3,843,585	366,855	-	4,210,440
Total public support	12,808,175	812,492	-	13,620,667	16,272,976	366,855	-	16,639,831
Revenue:								
Room rental (Note 2F)	842,110	-	-	842,110	700,760	-	-	700,760
Investment income (loss) (Note 4)	1,806,310	-	-	1,806,310	5,607,296	-	-	5,607,296
Parking garage rental, net of costs of \$139,855 in 2014 and \$377,604 in 2013 (Notes 5 and 11)	(99,055)	-	-	(99,055)	121,157	-	-	121,157
Other	18,986	-	-	18,986	20,942	-	-	20,942
Total revenue	2,568,351	-	-	2,568,351	6,450,155	-	-	6,450,155
Net assets released from restrictions (Note 8)	621,483	(621,483)	-	-	68,961	(68,961)	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	15,998,009	191,009	-	16,189,018	22,792,092	297,894	-	23,089,986
EXPENSES:								
Program Services								
Room Rental	7,729,458	-	-	7,729,458	7,031,115	-	-	7,031,115
Camp Ronald McDonald	166,141	-	-	166,141	87,414	-	-	87,414
Volunteer Activities	801,666	-	-	801,666	541,581	-	-	541,581
Education & Support	816,959	-	-	816,959	707,313	-	-	707,313
Hospital Outreach	470,635	-	-	470,635	336,109	-	-	336,109
Total program services	9,984,859	-	-	9,984,859	8,703,532	-	-	8,703,532
Supporting Services:								
Management and general	1,464,018	-	-	1,464,018	1,387,586	-	-	1,387,586
Fundraising	3,931,403	-	-	3,931,403	3,633,203	-	-	3,633,203
Total supporting services	5,395,421	-	-	5,395,421	5,020,789	-	-	5,020,789
TOTAL EXPENSES	15,380,280	-	-	15,380,280	13,724,321	-	-	13,724,321
CHANGE IN NET ASSETS BEFORE SALE AND WRITE-OFF OF ASSETS	617,729	191,009	-	808,738	9,067,771	297,894	-	9,365,665
Gain on sale of property and equipment (Note 5)	23,416,155	-	-	23,416,155	-	-	-	-
Loss on disposition of property and equipment (Note 5)	(12,806)	-	-	(12,806)	-	-	-	-
CHANGE IN NET ASSETS	24,021,078	191,009	-	24,212,087	9,067,771	297,894	-	9,365,665
Net assets - beginning of year	73,819,029	477,205	1,103,915	75,400,149	64,751,258	179,311	1,103,915	66,034,484
NET ASSETS - END OF YEAR	\$ 97,840,107	\$ 668,214	\$ 1,103,915	\$ 99,612,236	\$ 73,819,029	\$ 477,205	\$ 1,103,915	\$ 75,400,149

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

RONALD MCDONALD HOUSE OF NEW YORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2014
(WITH COMPARATIVE TOTALS FOR 2013)

For the Year Ended December 31, 2014

	Program Services					Supporting Services		Parking Garage	Total 2014	Total 2013	
	Room Rental	Camp Ronald McDonald	Volunteer Activities	Education & Support	Hospital Outreach	Total Program Services	Management and General				Fundraising
Salaries	\$ 2,000,488	\$ 111,004	\$ 178,607	\$ 148,402	\$ 120,270	\$ 2,558,771	\$ 866,103	\$ 948,782	\$ -	\$ 4,373,656	\$ 4,006,192
Payroll taxes and employee benefits (Note 7)	602,576	29,827	50,608	43,927	30,289	757,227	256,292	280,886	-	1,294,405	1,359,118
Total Salaries and Related Costs	2,603,064	140,831	229,215	192,329	150,559	3,315,998	1,122,395	1,229,668	-	5,668,061	5,365,310
Occupancy	459,596	-	-	-	-	459,596	2,310	-	627	462,533	281,098
Special projects	10,962	-	-	-	-	10,962	3,710	4,066	-	18,738	167,127
Repairs and maintenance (Note 2K)	395,284	-	-	-	-	395,284	1,986	-	6,355	403,625	428,069
Supplies (Note 2J)	366,625	-	3,729	1,554	2,025	373,933	36,692	11,847	-	422,472	304,161
Family activity expenses:											
Program entertainment and enrichment (Note 2K)	137,706	1,718	307,826	195,145	93,490	735,885	-	-	-	735,885	469,428
Trips, outings and parties	-	23,592	125,476	1,666	39,399	190,133	-	-	-	190,133	197,466
Education and counseling	-	-	-	52,465	2,513	54,978	-	-	-	54,978	50,198
Transportation and other	28,614	-	-	5,285	74,811	108,710	-	-	-	108,710	86,539
Volunteer and staff recognition	88,990	-	86,223	-	-	175,213	43,456	35,946	-	254,615	188,710
Staff development	30,020	-	692	-	3,829	34,541	9,177	6,883	-	50,601	76,143
Fundraising support activities (Note 2K)	-	-	-	-	-	-	-	197,279	-	197,279	166,972
Special events expense	-	-	-	-	-	-	-	2,228,803	-	2,228,803	2,254,908
Printing and publications	72,220	-	2,166	-	940	75,326	8,865	20,502	-	104,693	101,623
Professional fees (Note 2K)	66,652	-	32,457	-	75,229	174,338	156,653	21,991	12,061	365,043	309,982
Telephone	107,082	-	1,938	-	3,193	112,213	18,038	48,238	-	178,489	165,028
Insurance	138,545	-	-	-	-	138,545	696	-	5,953	145,194	96,480
Postage, messenger and other	13,866	-	472	-	253	14,591	4,939	5,551	28	25,109	28,445
Direct mail campaign expenses:											
Printing, postage and mailing services (Note 9)	-	-	-	368,515	-	368,515	-	1,056,122	-	1,424,637	1,298,195
Consulting fees and list purchases	-	-	-	-	-	-	-	46,763	-	46,763	67,591
Artwork and other	-	-	-	-	-	-	-	17,537	-	17,537	17,260
Real estate taxes	-	-	-	-	-	-	-	-	54,831	54,831	176,632
Travel	12,373	-	3,771	-	22,892	39,036	25,781	15,560	-	80,377	51,248
Miscellaneous	151,883	-	7,701	-	1,502	161,086	3,821	175,389	-	340,296	337,907
Bad debt	-	-	-	-	-	-	-	210,200	-	210,200	195,000
Depreciation	2,915,101	-	-	-	-	2,915,101	24,841	6,852	60,000	3,006,794	2,804,807
Interest expense and related fees (Note 6)	118,927	-	-	-	-	118,927	598	-	-	119,525	45,697
Amortization of deferred financing costs (Note 6)	11,948	-	-	-	-	11,948	60	-	-	12,008	14,346
Subtotal	7,729,458	166,141	801,666	816,959	470,635	9,984,859	1,464,018	5,339,197	139,855	16,927,929	15,746,370
Less: cost of operations of parking garage	-	-	-	-	-	-	-	-	(139,855)	(139,855)	(377,604)
Less: cost of direct benefit to donor	-	-	-	-	-	-	-	(1,407,794)	-	(1,407,794)	(1,644,445)
TOTAL EXPENSES	\$ 7,729,458	\$ 166,141	\$ 801,666	\$ 816,959	\$ 470,635	\$ 9,984,859	\$ 1,464,018	\$ 3,931,403	\$ -	\$ 15,380,280	\$ 13,724,321
TOTAL EXPENSES 2013	\$ 7,031,115	\$ 87,414	\$ 541,581	\$ 707,313	\$ 336,109	\$ 8,703,532	\$ 1,387,586	\$ 3,633,203	\$ -	\$ 13,724,321	

RONALD MCDONALD HOUSE OF NEW YORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2013

For the Year Ended December 31, 2013

	Program Services					Supporting Services			Total 2013	
	Room Rental	Camp Ronald McDonald	Volunteer Activities	Education & Support	Hospital Outreach	Total Program Services	Management and General	Fundraising		Parking Garage
Salaries	\$ 1,829,446	\$ 53,484	\$ 210,593	\$ 170,164	\$ 87,435	\$ 2,351,122	\$ 770,284	\$ 884,786	\$ -	\$ 4,006,192
Payroll taxes and employee benefits (Note 7)	629,294	18,365	70,557	57,856	18,332	794,404	262,582	302,132	-	1,359,118
Total Salaries and Related Costs	2,458,740	71,849	281,150	228,020	105,767	3,145,526	1,032,866	1,186,918	-	5,365,310
Occupancy	279,693	-	-	-	-	279,693	1,405	-	-	281,098
Special projects	98,276	-	-	-	-	98,276	32,015	36,836	-	167,127
Repairs and maintenance (Note 2K)	425,929	-	-	-	-	425,929	2,140	-	-	428,069
Supplies (Note 2J)	238,976	44	3,821	2,100	1,671	246,612	44,086	13,463	-	304,161
Family activity expenses:										
Program entertainment and enrichment (Note 2K)	273,598	2,275	17,343	120,363	55,849	469,428	-	-	-	469,428
Trips, outings and parties	-	13,246	155,014	-	29,206	197,466	-	-	-	197,466
Education and counseling	-	-	-	49,263	935	50,198	-	-	-	50,198
Transportation and other	25,787	-	-	8,043	52,709	86,539	-	-	-	86,539
Volunteer and staff recognition	65,750	-	63,999	-	-	129,749	31,798	27,163	-	188,710
Staff development	44,320	-	5,862	-	2,129	52,311	13,544	10,288	-	76,143
Fundraising support activities (Note 2K)	-	-	-	-	-	-	-	166,972	-	166,972
Special events expense	-	-	-	-	-	-	-	2,254,908	-	2,254,908
Printing and publications	65,436	-	2,487	-	2,130	70,053	8,024	23,546	-	101,623
Professional fees (Note 2K)	62,510	-	-	-	68,989	131,499	145,067	27,526	5,890	309,982
Telephone	94,745	-	774	-	6,123	101,642	20,515	42,871	-	165,028
Insurance	81,363	-	-	-	-	81,363	409	-	14,708	96,480
Postage, messenger and other	15,300	-	541	-	147	15,988	5,285	7,143	29	28,445
Direct mail campaign expenses:										
Printing, postage and mailing services (Note 9)	-	-	-	299,524	-	299,524	-	998,671	-	1,298,195
Consulting fees and list purchases	-	-	-	-	-	-	-	67,591	-	67,591
Artwork and other	-	-	-	-	-	-	-	17,260	-	17,260
Real estate taxes	-	-	-	-	-	-	-	-	176,632	176,632
Travel	11,996	-	2,027	-	4,282	18,305	20,961	11,982	-	51,248
Miscellaneous	138,252	-	8,563	-	6,172	152,987	3,542	181,033	345	337,907
Bad debt	-	-	-	-	-	-	-	195,000	-	195,000
Depreciation	2,590,701	-	-	-	-	2,590,701	25,629	8,477	180,000	2,804,807
Interest expense (Note 6)	45,469	-	-	-	-	45,469	228	-	-	45,697
Amortization of deferred financing costs (Note 6)	14,274	-	-	-	-	14,274	72	-	-	14,346
Subtotal	7,031,115	87,414	541,581	707,313	336,109	8,703,532	1,387,586	5,277,648	377,604	15,746,370
Less: cost of operations of parking garage	-	-	-	-	-	-	-	-	(377,604)	(377,604)
Less: cost of direct benefit to donor	-	-	-	-	-	-	-	(1,644,445)	-	(1,644,445)
TOTAL EXPENSES	\$ 7,031,115	\$ 87,414	\$ 541,581	\$ 707,313	\$ 336,109	\$ 8,703,532	\$ 1,387,586	\$ 3,633,203	\$ -	\$ 13,724,321

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

RONALD MCDONALD HOUSE OF NEW YORK, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 24,212,087	\$ 9,365,665
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,006,794	2,804,807
Bad debt	210,200	195,000
Amortization of deferred financing costs	12,008	14,346
Contributed property and equipment	(44,679)	(79,044)
Unrealized gain on investments	(621,241)	(4,817,219)
Realized gain on investment sales	(421,408)	(205,736)
Gain on sale of property and equipment	(23,416,155)	-
Loss on disposal of property and equipment	12,806	-
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Prepaid expenses and other receivables	(35,752)	(180,084)
Contributions and pledges receivable	218,406	(358,480)
Increase in liabilities:		
Accounts payable and accrued expenses	(537,080)	1,218,764
Refundable advances	(54,845)	7,865
Net Cash Provided by Operating Activities	2,541,141	7,965,884
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(1,780,322)	(4,559,482)
Net Proceeds from sale of property and equipment	30,427,978	-
Proceeds from investment sales	6,442,237	6,514,280
Purchases of investments	(36,454,132)	(7,586,480)
Net Cash Used in Investing Activities	(1,364,239)	(5,631,682)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of bond payable	(1,000,000)	(1,000,000)
Net Cash Used in Financing Activities	(1,000,000)	(1,000,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS	176,902	1,334,202
Cash and cash equivalents - beginning of year	2,909,649	1,575,447
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,086,551	\$ 2,909,649
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	\$ 3,832	\$ 7,640
Noncash Investing Activities		
Contributed property and equipment	\$ 44,679	\$ 79,044

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

RONALD MCDONALD HOUSE OF NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Ronald McDonald House of New York, Inc. (the “Organization”), a place where hope has a home, provides temporary housing for pediatric cancer patients and their families while undergoing treatment at our 19 partnering hospitals. The Organization assists up to 84 families from all over the world, 365 days per year and has assisted over 30,000 families in its 36 year history. Since 1978, the Organization has provided families with a supportive and caring environment consisting of emotional and spiritual support programs, comprehensive education programs, daily volunteer led activities and a Hospital Outreach Program. This program highlights the Organization’s ongoing efforts to provide programs and services to New York City residents. Individuals and groups volunteer their time for programs including pet therapy, music & dance programs, yoga & wellness, tutoring, computer training, art & science, Camp Ronald McDonald, self-defense and stress relief, daily playroom and evening activities. The Organization’s programs give families the opportunity to share experiences, make new friends, and create a support group while building a friendly caring, supportive and fun community.

The largest program is to provide a low cost temporary home (the “House”) for the families during their stay in New York. The House has 84 guest rooms, laundry facilities on each guest floor, four large kitchens, dining area, living room, chapel, two outside terraces, an atrium, playroom and a computer lab. The House also provides round trip transportation services to families for hospital appointments.

The Comprehensive Education and Family Activities Program consists of education programs, emotional and spiritual support programs and pet therapy programs. The core educational program consists of after school tutoring for patients and siblings to assist in keeping education as a stable part of the child’s daily routine. In addition to this program, the Organization offers ESL for guests who want to learn English. Rounding out the core education program are science, art, music, caregiver support programs, and self-defense/dance movement. Our computer lab allows our guests to stay in touch with friends and family as well as a communication network to maintain work-related commitments. The caregiver support programs are vital to parents’ well-being and stress management as they manage the treatment process for their child. The programs include a caregiver support group, new guest orientation, women’s wellness and exercise, interfaith prayer and spiritual service, and a hope and healing Mass including the Sacrament of the Sick.

Camp Ronald McDonald is a place where children build a volcano, enjoy roasted marshmallow s’mores, create the best water balloon and laugh until they cry, all in one place. During the months of July and August, children staying at the House can enjoy camp activities like kayaking, trapeze school, arts & crafts, drama, dance, water games, sports and much more.

The Hospital Outreach program is a three-pronged initiative that includes outreach programs and services for New York City children who are not residents of the House, yet need support while undergoing treatment, Inpatient Services for our children and families when they are admitted to a partner hospital and Navigation Services to help first-time families become acclimated to their environment in New York City while supporting their child’s health care experiences.

The Organization is a Section 501(c)(3) organization under the applicable provisions of the Internal Revenue Code (the “Code”) and, accordingly, is not subject to federal income taxes. The Organization is also exempt from New York State and New York City income and sales taxes. The Organization has been classified as a publicly-supported charitable organization under Section 509(a)(1) of the Code and qualifies for the maximum charitable contribution deduction for donors.

RONALD MCDONALD HOUSE OF NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. The Organization's financial statements have been prepared on the accrual basis of accounting. The Organization adheres to accounting principles generally accepted in the United States of America.
- B. The Organization considers highly liquid instruments purchased with a maturity of three months or less when acquired, to be operating cash equivalents. Additionally, the Organization considers all cash other than that held in the Organization's investment portfolio to be cash.
- C. The Organization maintains its net assets under the following three classes:

- Unrestricted – represents resources available for support of the Organization's operations over which the Board of Directors (the "Board") has discretionary control, including funds designated for future use and funds expended for property, and equipment and related expenditures.

During 1998, the Organization initiated a direct fundraising campaign to solicit commitments from the Board for the long-term viability of the Organization. Contributions received as a result of this campaign are classified as designated for future use. In 2012, the Board designated approximately three years of funding for the new Hospital Outreach Program (the "Program") and allocated an additional \$1,178,000 for the Program. As funds are expended the corresponding amount is transferred to undesignated net assets. At the end of 2014, the Board increased this designation to \$30,125,000 for future program and capital initiatives to continue to support the mission and long-term viability and growth expansion of the Organization.

- Temporarily Restricted – resulting from contributions and other inflows of assets subject to donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reported in the statements of activities as net assets released from restrictions. The Organization reports restricted contributions whose stipulations were met in the same year as unrestricted contributions. Unless otherwise directed by the donor, earnings on endowment assets are temporarily restricted until appropriated by the Board for spending.
 - Permanently Restricted – represents those resources subject to donor imposed stipulations that should be maintained intact in perpetuity.
- D. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures at the date of the financial statements. Actual results could differ from those estimates.
- E. Property and equipment is stated at cost less accumulated depreciation. These amounts do not purport to represent replacement or realizable values. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. The Organization capitalizes property and equipment with a cost of \$1,000 or higher and a useful life of at least one year.
- F. 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 for the expected term of the promises to give applicable in the years in which the promises are received, if material. Amortization of the discounts is included in contribution income. Room rental receivable and revenue is recorded when the family and child check in to stay at the Organization. Conditional promises to give are not included as support until the conditions are substantially met.

RONALD MCDONALD HOUSE OF NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As of December 31, 2014 and 2013, the Organization determined that an allowance for uncollectible contributions and pledges of \$200,000, for both years, is necessary. This determination is based on a combination of factors, such as management's estimate of the creditworthiness of the contributors, a review of individual accounts outstanding, and the aged basis of the receivable and historical experience. As of December 31, 2014 and 2013, the Organization determined that no allowance for room rental receivables (included with prepaid expenses and other receivables on the accompanying statements of financial position) is necessary.

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

- G. Investments are carried at fair value. Investment income, including realized and unrealized gains and losses are recorded in the unrestricted fund, unless there are restrictions that have been imposed by donors or other outside parties. Investment income on donor restricted endowments is recorded in the temporarily restricted fund until appropriated for spending by the Board.
- H. Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 12.
- I. The cost of providing the various programs and supporting services have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among program services and supporting services.
- J. The direct costs of special events include expenses for the benefit of the donor. For example, meals, facilities and rental are considered direct costs of special events.
- K. In-kind contributions are recorded as revenue in the period in which they are received and which would typically be purchased had they not been provided by donation. For the years ended December 31, 2014 and 2013, the Organization recorded contributed goods and services amounting to \$695,556 and \$449,589 respectively, which are included in revenue, expenses and fixed assets for capitalized property and equipment in the accompanying financial statements. During the years ended December 31, 2014 and 2013, a member of the Organization's Board of Directors was the CEO of a public relations firm that donated approximately \$121,000 and \$96,000 of services to the Organization, which is shown below as contributed program entertainment and enrichment and professional fees. During 2014 and 2013, in-kind contributions included the following:

	2014	2013
Capitalized property and equipment	\$ 44,679	\$ 79,044
Contributed program entertainment and enrichment	383,530	209,103
Contributed professional fees	30,149	24,245
Contributed supplies	133,384	37,666
Contributed repairs and maintenance	5,365	11,948
Contributed recognition items	-	9,078
Contributed miscellaneous items	8,000	6,368
Contributed fundraising support activities	90,449	72,137
Total in-kind contributions	\$ 695,556	\$ 449,589

Many volunteers, including members of the Board, have made significant contributions of time in furtherance of the Organization's policies and programs. The value of this contributed time does not meet the criteria for recognition and therefore is not reflected in the statements of activities. The approximate value of such contributed time amounted to \$800,000 and \$608,000, respectively, for the years ended December 31, 2014 and 2013.

- L. The Organization has a licensing agreement with Ronald McDonald Charities ("Charities") whereby the Organization has the right to use certain trademarks. The Organization also has the obligation to meet certain compliance requirements stipulated by the Charities.

RONALD MCDONALD HOUSE OF NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. The Organization receives cash in advance of special events that are to be held after the statement of financial position date. It is the Organization's policy to refund all cash received in advance of special events for both the contribution and exchange portion, if the event is subsequently cancelled.

NOTE 3 – CONTRIBUTIONS AND PLEDGES RECEIVABLE

Contributions and pledges receivable consist of the following as of December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Due in less than a year	\$ 1,202,829	\$ 1,547,257
Between one and five years	<u>72,000</u>	<u>156,178</u>
	1,274,829	1,703,435
Less: Allowance for uncollectible accounts	<u>(200,000)</u>	<u>(200,000)</u>
	<u>\$ 1,074,829</u>	<u>\$ 1,503,435</u>

NOTE 4 – INVESTMENTS

Investments consist of the following as of December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>	
Unrestricted:			
Cash	\$ 28,176,749	\$ 1,166,120	
Money market funds	3,970,734	118,026	
Equity securities:			
U.S. large cap	4,446,668	3,301,799	
U.S. mid/small cap	1,385,594	1,140,195	
Non U.S. equities	4,169,525	4,290,167	
Fixed income securities:			
Mutual funds	9,639,692	9,620,280	
Corporate bonds	260,858	269,255	
International bonds	2,635	463,560	
Mutual funds:			
U.S. large cap	152,320	1,008,425	
U.S. mid/small cap	13,952	12,089	
Non U.S. equities	<u>73,317</u>	<u>83,095</u>	
	Subtotal	<u>52,292,044</u>	<u>21,473,011</u>
Alternative investments:			
Hedge funds	\$ 2,778,394	\$ 3,719,494	A
Limited partnerships	25,167,929	23,897,492	B
Other investments	<u>974,172</u>	<u>1,193,217</u>	C
	Subtotal	<u>28,920,495</u>	
Total Unrestricted	<u>81,212,539</u>	<u>50,283,214</u>	
Restricted:			
Cash	704,230	728,367	
Mutual Funds	<u>437,546</u>	<u>288,190</u>	
	Total	<u>\$ 82,354,315</u>	<u>\$ 51,299,771</u>

RONALD MCDONALD HOUSE OF NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

NOTE 4 – INVESTMENTS (Continued)

- A. Hedge funds are investments in cash, limited partnerships and pooled investment funds that invest primarily in domestic and international equity and mortgage securities. The hedge funds may also trade various financial instruments with off-balance sheet risk. These financial instruments may include securities sold short and long, option contracts, differential and foreign currency forward contracts. Such transactions subject the hedge and real assets funds and their investors to market risk associated with changes in the value of the underlying securities, financial instruments, and foreign currencies, as well as the risk of loss if counterparty fails to perform. The respective hedge fund managers endeavor to limit the risk associated with such transactions.
- B. Limited Partnerships are funds whose purpose is to achieve capital appreciation through investments primarily in hedge funds, domestic and foreign equity funds and private equity funds.
- C. Other investments include return enhancement notes and buffered return enhancement notes that combine a debt security with an underlying asset, such as an equity, a basket of equities, a domestic or international index, a commodity or some type of hybrid security and investments in hard assets such as gold. Gains on structured investments may be capped and there may be no principal protection in the event of a market decline.

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities.

As of December 31, 2014 and 2013, \$704,230 and \$728,367, respectively, were restricted for bond repayment. As of December 31, 2014 and 2013, \$437,546 and \$288,190, respectively, were restricted for pension and deferred compensation plans. In addition, \$1,103,915 was restricted for endowment as of December 31, 2014 and 2013.

Interest receivable of \$8,916 and \$30,127 as of December 31, 2014 and 2013 is for interest earned on investments, but not received, and are included in prepaid expenses and other receivables on the statements of financial position.

Investment income consists of the following for the years ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Interest and dividends	\$ 563,255	\$ 480,087
Other investment income	200,406	104,254
Unrealized gain on investments	621,241	4,817,219
Realized gain on investment sales	<u>421,408</u>	<u>205,736</u>
	<u>\$ 1,806,310</u>	<u>\$ 5,607,296</u>

The Organization incurred investment expenses of \$54,243 and \$70,543 during the years ended December 31, 2014 and 2013, respectively, and are reported as professional fees in the accompanying statements of functional expenses.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>	<u>Estimated Useful Lives</u>
Land	\$ 6,038,784	\$ 9,600,607	
Building	20,583,954	25,983,954	5-30 years
Vehicle	127,161	127,161	3 years
Furniture, fixtures and equipment	17,070,354	15,465,746	3-10 years
Construction in progress	<u>139,000</u>	<u>-</u>	
Total cost	43,959,253	51,177,468	
Less: Accumulated depreciation	<u>(25,096,350)</u>	<u>(24,108,143)</u>	
Net book value	<u>\$ 18,862,903</u>	<u>\$ 27,069,325</u>	

RONALD MCDONALD HOUSE OF NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

NOTE 5 – PROPERTY AND EQUIPMENT (Continued)

Depreciation expense amounted to \$3,006,794 and \$2,804,807 for the years ended December 31, 2014 and 2013, respectively.

Construction in progress represents certain improvements to the Organization that had not been completed as of December 31, 2014.

During the years ended December 31, 2014 and 2013, the Organization received donated property and equipment that amounted to \$44,679 and \$79,044, respectively (See Note 2J).

During the year ended December 31, 2014, the Organization sold the parking garage and land with a cost of \$8,961,823 and accumulated depreciation of \$1,950,000 for net proceeds of \$30,427,978, resulting in a gain of \$23,416,155. Additionally, furniture and fixtures with a cost of \$81,393 and accumulated depreciations of \$68,587 were disposed of, resulting in a loss of \$12,806.

NOTE 6 – BONDS PAYABLE

Bonds payable amounted to \$4,600,000 and \$5,600,000 as of December 31, 2014 and 2013, respectively, and consist of variable rate tax-exempt bonds. Proceeds were used for the construction of the House on East 73rd Street in Manhattan, completed in 1993.

The Bonds were issued in May 1991 through the New York City Industrial Development Authority (the “IDA”). The IDA will hold title to the House until the bonds are repaid. In accordance with an agreement between the Organization and the IDA, the Organization is required to make monthly payments to the IDA, which equals the principal and interest due. The interest rate on the bonds is determined each time the bonds are sold by the remarketing agent, but cannot exceed 13% per annum.

At December 31, 2014 and 2013, the interest rate on the bonds was 0.03% and 0.07% per annum, respectively. The Bonds have a maturity of 30 years and are due May 15, 2021, but the Organization can repay the payments at any time and retire the bond issue. The Organization has made repayments on an accelerated basis.

The Bonds are collateralized by a letter of credit in the amount of the outstanding bond balance with one bank. The letter of credit has been extended through November 8, 2016. In addition, the Organization has agreed to grant a mortgage on the House to both the Bond Trustee and the Bank of New York in accordance with the bond documents.

For the years ended December 31, 2014 and 2013, activity related to bond principal consisted of the following:

	<u>2014</u>	<u>2013</u>
Bonds payable, at the beginning of the year	\$ 5,600,000	\$ 6,600,000
Sinking fund payment for the year	<u>(1,000,000)</u>	<u>(1,000,000)</u>
Bonds payable, at the end of the year	<u>\$ 4,600,000</u>	<u>\$ 5,600,000</u>

Sinking fund requirements for the principal portion of the bonds payable for the years ended after December 31, 2014 are as follows:

2015	1,100,000
2016	1,100,000
2017	1,200,000
2018	<u>1,200,000</u>
	<u>\$ 4,600,000</u>

The Organization remits monthly payments of approximately \$91,667 to a trustee towards the next annual installment of \$1,100,000 due on May 1, 2015. As of December 31, 2014 and 2013, the debt sinking fund deposit with the Bond Trustee amounted to \$704,230 and \$728,367, respectively.

RONALD MCDONALD HOUSE OF NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

NOTE 6 – BONDS PAYABLE (Continued)

In connection with the bonds payable, the Organization incurred financing costs in the amount of \$615,760, which are being amortized over the life of the bonds which approximates the effective interest method. Interest expense, related fees and amortization expense amounted to \$131,533 and \$60,043 for the years ended December 31, 2014 and 2013, respectively. As of December 31, 2014 and 2013, deferred financing costs consist of the following:

	2014	2013
Deferred financing costs	\$ 615,760	\$ 615,760
Less: Accumulated amortization	(594,455)	(582,447)
Deferred financing costs	\$ 21,305	\$ 33,313

The estimated annual amortization expense for the five years following December 31, 2014 is:

2015	\$	9,421
2016		6,835
2017		4,002
2018		1,047
Total	\$	21,305

NOTE 7 – PENSION & RETIREMENT PLANS

The Organization maintains a Safe-Harbor 401(k) Profit Sharing Plan and a 401(k) Profit-Sharing Plan with Mutual of America (the “401(k) Plans”). The Organization makes contributions, at the discretion of the Executive Committee of the Board of Directors, to the 401(k) Plans on a biweekly basis. The contribution for the years ended December 31, 2014 and 2013 for the 401(k) Plans was approximately \$277,000 and \$299,000, respectively. Additionally, eligible employees were allowed to make tax-deferred contributions to the 401(k) Plans up to certain limits as identified in the Internal Revenue Code.

The Organization previously maintained the Ronald McDonald House of New York, Inc. Pension Plan (the “Pension Plan”), an eligible defined contribution pension plan under Section 457(b) of the Code. The Pension Plan was discontinued during 1997. Investments and accrued pension liabilities of \$108,890 and \$103,711 at December 31, 2014 and 2013, respectively, are included in restricted funds and accrued expenses and liabilities in the statements of financial position. Pending Internal Revenue Service approval, management intends to roll over such assets and liabilities to the 401(k) Plans. At this time the Internal Revenue Code does not allow rollovers to a 401(k) plan from the Pension Plan.

In November 2011 the Organization instituted a Deferred Compensation Plan under Section 457(b) of the Code covering key employees. The deferred compensation liabilities amounted to \$328,656 and \$184,479 as of December 31, 2014 and 2013, respectively, and are included in restricted funds and accrued expenses in accompanying statements of financial position. The Organization makes contributions to the plan, at the discretion of the Executive Committee on an annual basis.

In 2014, the Organization instituted a 403(b) Retirement Savings Plan for employee salary deferrals and a Deferred Compensation Plan under Section 457(f) of the Code covering key employees. There are no employer contributions to the 403(b) plan, only employee salary deferrals that are contributed on a biweekly basis. The Organization makes contributions to the 457(f) plan, at the discretion of the Executive Committee on an annual basis. There were no contributions to the 457(f) plan for the year ended December 31, 2014.

RONALD MCDONALD HOUSE OF NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

NOTE 8 – NET ASSETS

Temporarily restricted net assets are available for the following as of December 31, 2014 and 2013:

	2014	2013
Purpose restricted	\$ 437,215	\$ 80,350
Time restricted	231,000	396,855
	\$ 668,214	\$ 477,205

For the years ended December 31, 2014 and 2013, temporarily restricted net assets in the amount of \$621,483 and \$68,961, respectively, were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors.

Permanently restricted net assets of \$1,103,915 as of December 31, 2014 and 2013 consist of approximately \$586,000, originated in 1994 as a gift of donated securities with a donor stipulation that the value of the gift be maintained intact in perpetuity. All income from these securities are temporarily restricted until appropriated for spending by the Board. Income from the remainder of permanently restricted securities (approximately \$518,000 as of December 31, 2014 and 2013) are restricted for the purchase of supplies and gifts for children served by the Organization. The donor has requested that net appreciation of the securities underlying the net assets be considered permanently restricted.

The Board of Directors recognizes that NYS adopted as law the New York Prudent Management of Institutional Funds Act ("NYPMIFA") on September 17, 2010. NYPMIFA replaces prior law which was the Uniform Management of Institutional Funds Act ("UMIFA").

In addition, the Board recognizes that NYPMIFA created a rebuttable presumption of imprudence if an organization appropriates more than 7% of a donor-restricted permanent endowment fund's fair value (averaged over a period of not less than the preceding five years) in any year. Any unappropriated earnings that would otherwise be considered unrestricted by the donor will be reflected as temporarily restricted until appropriated.

The Organization's investment strategy is to provide sufficient earnings in the form of a total return from both income and capital appreciations. The investments are managed so that over a reasonable period of time, the total return will exceed the sum of the percentage of distributions plus inflation and other investment expenses.

The Board explicitly appropriated all earnings as of and prior to September 17, 2010, whether deemed spent or not as unrestricted. Following September 17, 2010, the Board (or a designated committee of the Board) will determine (quarterly, using a rolling 5-year average) how much of the earnings of such permanently restricted funds shall be appropriated for expenditure up to 7%, as deemed prudent at the time. Any unappropriated earnings that would otherwise be considered unrestricted by the donor will be reflected as temporarily restricted until appropriated.

RONALD MCDONALD HOUSE OF NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

NOTE 8 – NET ASSETS (Continued)

Changes in endowment net assets for year ended December 31, 2014:

	<u>Unrestricted</u>	<u>Board Designated</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowments</u>
Investment activity:					
Interest and dividends	\$ -	\$ 40,732	\$ 31,331	\$ -	\$ 72,063
Unrealized (loss)gain on investments	-	(17,123)	27,459	-	10,336
Total investment activity	-	23,609	58,790	-	82,399
Amount transferred from/to unrestricted funds	(29,123,002)	29,152,610	(29,608)	-	-
Amount appropriated for expenditure	-	(439,373)	(29,182)	-	(468,555)
Endowment net assets, beginning of year	(41,764)	1,388,154	-	1,103,915	2,450,305
Endowment net assets, end of year	<u>\$ (29,164,766)</u>	<u>\$ 30,125,000</u>	<u>\$ -</u>	<u>\$ 1,103,915</u>	<u>\$ 2,064,149</u>

Changes in endowment net assets for year ended December 31, 2013:

	<u>Unrestricted</u>	<u>Board Designated</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowments</u>
Investment activity:					
Interest and dividends	\$ -	\$ 39,287	\$ 39,182	\$ -	\$ 78,469
Unrealized (loss)gain on investments	-	(32,215)	(58,270)	-	(90,485)
Total investment activity	-	7,072	(19,088)	-	(12,016)
Amount transferred from unrestricted funds	(41,764)	-	41,764	-	-
Amount appropriated for expenditure	-	(233,413)	(26,117)	-	(259,530)
Endowment net assets, beginning of year	-	1,614,495	3,441	1,103,915	2,721,851
Endowment net assets, end of year	<u>\$ (41,764)</u>	<u>\$ 1,388,154</u>	<u>\$ -</u>	<u>\$ 1,103,915</u>	<u>\$ 2,450,305</u>

For the years ended December 31, 2014 and 2013, endowment net assets of \$2,064,149 and \$2,450,305, respectively, are included with investments in the accompanying statements of financial position.

NOTE 9 – ALLOCATION OF JOINT COSTS

During the years ended December 31, 2014 and 2013, the Organization incurred joint costs of \$1,000,683 and \$956,862 (other than donated services), respectively, for informational materials and activities that were included in fundraising appeals. During the year ended December 31, 2014, \$368,515 was allocated to program expenses and \$632,168 was allocated to fundraising. During the year ended December 31, 2013, \$299,524 was allocated to program expenses and \$657,338 was allocated to fundraising.

NOTE 10 – CONCENTRATIONS

Cash and cash equivalents that potentially subject the Organization to a concentration of credit risk include cash accounts with banks that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. Interest-bearing accounts are insured up to \$250,000 per depositor. Beginning in 2013, noninterest-bearing accounts are insured the same as interest-bearing accounts. As of December 31, 2014 and 2013, there was approximately \$1,046,000 and \$1,812,000, respectively, of cash and cash equivalents held by banks that exceeded FDIC limits. Such excess includes outstanding checks. Securities Investor Protection Corporation (“SIPC”) insurance limits are up to \$500,000. As of December 31, 2014 and 2013, there was approximately \$4,000 and \$2,000, respectively, of cash and cash equivalents held by banks that exceeded the amount covered by the (“SIPC”) limits.

RONALD MCDONALD HOUSE OF NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

NOTE 11 – COMMITMENTS AND CONTINGENCIES

A. Lease Commitments

In January 2006, the Organization renewed its lease agreement with Central Parking Systems of New York, Inc. ("CPS") whereby CPS leased the parking garage from the Organization for a period of three years, for the purpose of operating the garage for profit. The parking garage rental revenue amounted to \$40,800 and \$489,600, respectively, for the years ended December 31, 2014 and 2013. In January 2009, the Organization extended the lease with CPS for five years through December 2013. During 2013, the Board of Directors began the process to sell the parking garage and placed the property on the market in 2014. In January 2014, the Organization extended the lease with CPS for one month. On April 24, 2014, the Organization sold the parking garage for net proceeds of \$30,427,978 (See Note 5).

In December 2011, the Organization entered into a 36 month operating lease agreement with Verizon Select Service Inc. for new telephone equipment. The lease payments did not begin until July 2012. The future minimum rental payments for the year ending after December 31, 2014 are approximately \$10,000 for 2015.

B. Uncertain Tax Positions

The Organization had no uncertain tax positions as of December 31, 2014 and 2013 in accordance with Accounting Standards Codification ("ASC") Topic 740 "Income Taxes", which provides standards for establishing and classifying any tax provisions for uncertain tax positions. The Organization is no longer subject to federal or state and local income tax examinations by tax authorities for years ended before December 31, 2011.

NOTE 12 – FAIR VALUE MEASUREMENTS

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs. Level 1 valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value.

The Organization's policy is to recognize transfers in and transfers out between fair value levels as of the beginning of the period in which the transfer takes place. For the years ended December 31, 2014 and 2013, no such transfers between fair value levels occurred.

Certain of the Organization's investments classified as alternative investments are recorded at fair value in accordance with Generally Accepted Accounting Principles, in an amount equal to the NAV of shares of units held by the Organization at year-end. Such investments are categorized as Level 2 fair value measurements in accordance with ASU No. 2009-12 as of December 31, 2014 and 2013. The financial statements of these alternative investments are prepared in accordance with GAAP and are audited annually by independent auditors. As of December 31, 2014 and 2013, the Organization had no unfunded commitments to invest in these alternative funds. Redemptions, at NAV, of shares in these investments range from immediate to quarterly, generally with forty-five to ninety days' notice.

RONALD MCDONALD HOUSE OF NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

NOTE 12 – FAIR VALUE MEASUREMENTS (Continued)

Financial assets and liabilities carried at fair value at December 31, 2014, are classified in the table as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total 2014</u>
ASSETS CARRIED AT FAIR VALUE:			
Investments:			
Money market funds	\$ 3,970,734	\$ -	\$ 3,970,734
Equity securities:			
U.S. large cap	4,446,668	-	4,446,668
U.S. mid/small cap	1,385,594	-	1,385,594
Non U.S. equities	4,169,525	-	4,169,525
Fixed income securities:			
Mutual funds	9,639,692	-	9,639,692
Corporate bonds	260,858	-	260,858
International bonds	2,635	-	2,635
Mutual funds:			
U.S. large cap	152,320	-	152,320
U.S. mid cap	13,952	-	13,952
Non U.S. equities	73,317	-	73,317
Alternative investments:			
Hedge Funds	-	2,778,394	2,778,394
Limited Partnerships	-	25,167,929	25,167,929
Other investments	-	974,172	974,172
TOTAL ASSETS AT FAIR VALUE	<u>\$ 24,115,295</u>	<u>\$ 28,920,495</u>	<u>\$ 53,035,790</u>

Financial assets and liabilities carried at fair value at December 31, 2013, are classified in the table as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total 2013</u>
ASSETS CARRIED AT FAIR VALUE:			
Investments:			
Money market funds	\$ 118,026	\$ -	\$ 118,026
Equity securities:			
U.S. large cap	3,301,799	-	3,301,799
U.S. mid/small cap	1,140,195	-	1,140,195
Non U.S. equities	4,290,167	-	4,290,167
Fixed income securities:			
Mutual funds	9,620,280	-	9,620,280
Corporate bonds	269,255	-	269,255
International bonds	463,560	-	463,560
Mutual funds:			
U.S. large cap	1,008,425	-	1,008,425
U.S. mid cap	12,089	-	12,089
Non U.S. equities	83,095	-	83,095
Alternative investments:			
Hedge Funds	-	3,719,494	3,719,494
Limited Partnerships	-	23,897,492	23,897,492
Other investments	-	1,193,217	1,193,217
TOTAL ASSETS AT FAIR VALUE	<u>\$ 20,306,891</u>	<u>\$ 28,810,203</u>	<u>\$ 49,117,094</u>

Excluded from the fair value measurements above are cash totaling \$28,176,749 and \$1,166,120 for the years ended December 31, 2014 and 2013, respectively, which are included in investments on the accompanying statements of financial position.

RONALD MCDONALD HOUSE OF NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

NOTE 12 – FAIR VALUE MEASUREMENTS (Continued)

In addition, restricted cash and mutual funds which are classified as Level 1, amounting to \$1,141,776 and \$1,016,557 for the years ended December 31, 2014 and 2013, respectively, are included in restricted cash on the accompanying statements of financial position.

Investments in money market funds, equity securities and mutual funds are valued using market prices in active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. The net asset values of mutual funds are based on the quoted market-level prices of the underlying securities. Alternative investments are designated as Level 2 as indicative of the investment manager's classification of the Organization's investment in the alternative investments. It is not meant to be indicative of the classification of the investments in the underlying portfolio of the alternative investments into the fair value hierarchy.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent to December 31, 2014 through April 21, 2015, the Organization received a \$5,000,000 multi-year donation payable in five annual installments beginning in January 2015. The Organization began discussions in 2014 with two partner hospitals to open Ronald McDonald House Family Rooms on their sites. The organization is in the process to finalizing agreements for construction of the Family Rooms in 2015.

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through April 21, 2015, the date the financial statements were available to be issued.