RONALD MCDONALD HOUSE OF NEW YORK, INC.

RONALD MCDONALD HOUSE NEW YORK

Financial Statements
(Together with Independent Auditors' Report)

Years Ended December 31, 2009 and 2008

Marks Paneth & Shron LLP
Certified Public Accountants and Consultants

RONALD MCDONALD HOUSE OF NEW YORK, INC.

FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)

YEARS ENDED DECEMBER 31, 2009 AND 2008

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of Ronald McDonald House of New York, Inc. (the "Organization") as of December 31, 2009 and 2008, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Ronald McDonald House of New York, Inc. as of December 31, 2009 and 2008, the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Marks Paneth & Shron LLP

New York, NY
April 20, 2010

RONALD MCDONALD HOUSE OF NEW YORK, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2009 AND 2008

	2009	2008
ASSETS		
Cash (Notes 2B and 10)	$ 41,643	$ 24,964
Interest receivable (Note 4)	90,079	92,751
Prepaid expenses and other receivables (Note 2F)	339,318	420,706
Contributions and pledges receivable, net (Notes 2F and 3)	1,062,526	2,020,698
Investments (Notes 2G, 2H, 4, 10 and 11)	38,575,501	34,555,426
Investments, restricted use (Notes 2G, 2H, 4, 6 and 11)	662,658	595,690
Property and equipment, net (Notes 2E, 2J, 5, and 6)	24,710,422	28,113,993
Deferred financing costs, net (Note 6)	104,126	127,154
TOTAL ASSETS	$ 65,586,273	$ 65,951,382
LIABILITIES		
Accounts payable and accrued expenses (Notes 2H, 7 and 11)	$ 626,939	$ 511,318
Refundable advances (Note 2L)	29,910	2,300
Bonds payable (Note 6)	9,300,000	10,100,000
TOTAL LIABILITIES	9,956,849	10,613,618
NET ASSETS (Note 2C)		
Unrestricted:		
Undesignated	37,911,274	33,603,710
Net investment in property and equipment	15,514,548	18,141,147
Designated for future use (Notes 8 and 11)	470,100	470,100
Total unrestricted	53,895,922	52,214,957
Temporarily restricted (Notes 4 and 8)	629,587	2,018,892
Permanently restricted (Notes 4, 8 and 11)	1,103,915	1,103,915
TOTAL NET ASSETS	55,629,424	55,337,764
TOTAL LIABILITIES AND NET ASSETS	$ 65,586,273	$ 65,951,382

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, 2009 AND 2008

	Year Ended December 31, 2009				Year Ended December 31, 2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2009	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2008
PUBLIC SUPPORT AND REVENUE:								
Public Support:								
Special events revenue	$ 6,293,607	$ -	$ -	$ 6,293,607	$ 6,702,484	$ -	$ -	$ 6,702,484
Less: cost of direct benefit to donors	(1,036,486)	-	-	(1,036,486)	(1,144,498)	-	-	(1,144,498)
Special events, net	5,257,121	-	-	5,257,121	5,557,986	-	-	5,557,986
McDonald's Owner/Operators Association (Notes 3 and 6)	7,540	-	-	7,540	121,020	-	-	121,020
Bequests (Note 2F)	184,540	-	-	184,540	403,729	-	-	403,729
Direct mail contributions	1,240,996	-	-	1,240,996	1,492,895	-	-	1,492,895
Contributions (Note 2J)	2,278,035	242,515	-	2,520,550	2,869,209	245,129	-	3,114,338
Total public support	8,968,232	242,515	-	9,210,747	10,444,839	245,129	-	10,689,968
Revenue:								
Room rental (Note 2F)	785,606	-	-	785,606	850,010	-	-	850,010
Investment income (Note 4)	2,870,946	-	-	2,870,946	1,082,997	-	-	1,082,997
Parking garage rental, net of costs of $490,268 in 2009 and $295,279 in 2008 (Note 5)	(55,269)	-	-	(55,269)	116,566	-	-	116,566
Other	43,263	-	-	43,263	49,756	-	-	49,756
Total revenue	3,644,546	-	-	3,644,546	2,099,329	-	-	2,099,329
Net assets released from restrictions (Note 8)	1,631,820	(1,631,820)	-	-	1,265,020	(1,265,020)	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	14,244,598	(1,389,305)	-	12,855,293	13,809,188	(1,019,891)	-	12,789,297
EXPENSES:								
Program Services	6,798,916	-	-	6,798,916	6,510,220	-	-	6,510,220
Supporting Services:								
Management and general	839,173	-	-	839,173	759,511	-	-	759,511
Fundraising	2,299,073	-	-	2,299,073	2,669,774	-	-	2,669,774
Total supporting services	3,138,246	-	-	3,138,246	3,429,285	-	-	3,429,285
TOTAL EXPENSES	9,937,162	-	-	9,937,162	9,939,505	-	-	9,939,505
CHANGE IN NET ASSETS BEFORE WRITE-OFF OF ASSETS	4,307,436	(1,389,305)	-	2,918,131	3,869,683	(1,019,891)	-	2,849,792
Write-off of assets (Note 5)	(2,626,471)	-	-	(2,626,471)	-	-	-	-
CHANGE IN NET ASSETS	1,680,965	(1,389,305)	-	291,660	3,869,683	(1,019,891)	-	2,849,792
Net assets - beginning of year	52,214,957	2,018,892	1,103,915	55,337,764	48,345,274	3,038,783	1,103,915	52,487,972
NET ASSETS - END OF YEAR	$ 53,895,922	$ 629,587	$ 1,103,915	$ 55,629,424	$ 52,214,957	$ 2,018,892	$ 1,103,915	$ 55,337,764

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, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

	For the Year Ended December 31, 2009					
		Supporting Services				
	Program Services	Management and General	Fundraising	Parking Garage	Total 2009	Total 2008
Salaries	$ 1,804,422	$ 392,733	$ 539,769	$ -	$ 2,736,924	$ 2,573,929
Payroll taxes and employee benefits (Note 7)	628,784	136,855	188,092	-	953,731	868,061
Total Salaries and Related Costs	2,433,206	529,588	727,861	-	3,690,655	3,441,990
Interest expense (Note 6)	82,834	416	-	-	83,250	291,527
Occupancy	313,477	1,575	-	-	315,052	359,898
Consulting fees	92,620	47,753	81,293	-	221,666	325,211
Repairs and maintenance (Note 2J)	219,713	1,104	-	-	220,817	273,332
Supplies (Note 2J)	193,190	27,410	10,850	-	231,450	216,662
Family activity expenses:						
Program entertainment and enrichment (Note 2J)	745,388	-	-	-	745,388	453,955
Trips, outings and parties	105,526	-	-	-	105,526	121,952
Education and counseling	57,642	-	-	-	57,642	91,952
Transportation and other	85,584	-	-	-	85,584	86,392
Volunteer and staff recognition	103,296	10,506	7,004	-	120,806	158,219
Staff development	38,169	6,502	6,386	-	51,057	76,797
Fundraising support activities (Note 2J)	-	-	113,789	-	113,789	146,843
Special events expense	-	-	1,486,004	-	1,486,004	1,553,901
Printing and publications	11,359	14,382	14,187	-	39,928	62,814
Professional fees (Note 2J)	129,558	138,866	-	1,507	269,931	255,130
Telephone	52,291	10,743	21,909	-	84,943	87,961
Insurance	72,059	362	-	19,899	92,320	91,927
Postage, messenger and other	33,111	7,207	10,894	15	51,227	61,263
Direct mail campaign expenses:						
Printing, postage and mailing services (Note 9)	73,095	-	475,404	-	548,499	862,790
Consulting fees and list purchases	-	-	226,548	-	226,548	205,059
Artwork and other	-	-	17,060	-	17,060	5,558
Real estate taxes	-	-	-	123,847	123,847	120,649
Travel	3,109	15,467	7,504	-	26,080	38,632
Miscellaneous (Note 2J)	105,506	9,733	87,180	-	202,419	123,634
Bad debt	-	-	29,120	-	29,120	36,013
Depreciation	1,825,270	17,444	12,566	345,000	2,200,280	1,804,282
Amortization of deferred financing costs (Note 6)	22,913	115	-	-	23,028	24,939
Subtotal	6,798,916	839,173	3,335,559	490,268	11,463,916	11,379,282
Less: cost of operations of parking garage	-	-	-	(490,268)	(490,268)	(295,279)
Less: cost of direct benefit to donor	-	-	(1,036,486)	-	(1,036,486)	(1,144,498)
TOTAL EXPENSES	$ 6,798,916	$ 839,173	$ 2,299,073	$ -	$ 9,937,162	$ 9,939,505

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, 2008

	For the Year Ended December 31, 2008				
		Supporting Services			
	Program Services	Management and General	Fundraising	Parking Garage	Total 2008
Salaries	$ 1,758,416	$ 330,534	$ 484,979	$ -	$ 2,573,929
Payroll taxes and employee benefits (Note 7)	478,071	158,066	231,924	-	868,061
Total Salaries and Related Costs	2,236,487	488,600	716,903	-	3,441,990
Interest expense (Note 6)	290,069	1,458	-	-	291,527
Occupancy	358,098	1,800	-	-	359,898
Consulting fees	141,149	50,789	133,273	-	325,211
Repairs and maintenance (Note 2J)	271,965	1,367	-	-	273,332
Supplies (Note 2J)	175,629	28,209	12,824	-	216,662
Family activity expenses:					
Program entertainment and enrichment (Note 2J)	453,955	-	-	-	453,955
Trips, outings and parties	121,952	-	-	-	121,952
Education and counseling	91,952	-	-	-	91,952
Transportation and other	86,392	-	-	-	86,392
Volunteer and staff recognition	128,735	16,936	12,548	-	158,219
Staff development	60,269	6,029	10,499	-	76,797
Fundraising support activities (Note 2J)	-	-	146,843	-	146,843
Special events expense	-	-	1,553,901	-	1,553,901
Printing and publications	8,198	6,427	48,189	-	62,814
Professional fees (Note 2J)	165,937	88,803	-	390	255,130
Telephone	53,468	13,285	21,208	-	87,961
Insurance	67,362	339	-	24,226	91,927
Postage, messenger and other	32,791	6,062	22,396	14	61,263
Direct mail campaign expenses:					
Printing, postage and mailing services (Note 9)	59,907	-	802,883	-	862,790
Consulting fees and list purchases	-	-	205,059	-	205,059
Artwork and other	-	-	5,558	-	5,558
Real estate taxes	-	-	-	120,649	120,649
Travel	-	24,917	13,715		38,632
Miscellaneous (Note 2J)	48,737	10,714	64,183	-	123,634
Bad debt	-	-	36,013	-	36,013
Depreciation	1,632,354	13,651	8,277	150,000	1,804,282
Amortization of deferred financing costs (Note 6)	24,814	125	-	-	24,939
Subtotal	6,510,220	759,511	3,814,272	295,279	11,379,282
Less: cost of operations of parking garage	-	-	-	(295,279)	(295,279)
Less: cost of direct benefit to donor	-	-	(1,144,498)	-	(1,144,498)
TOTAL EXPENSES	$ 6,510,220	$ 759,511	$ 2,669,774	$ -	$ 9,939,505

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, 2009 AND 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 291,660	$ 2,849,792
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,200,280	1,804,282
Bad debt	29,120	36,013
Amortization of deferred financing costs	23,028	24,939
Amortization of discount on pledges receivable	(7,540)	(121,020)
Contributed property and equipment	(88,555)	(156,472)
Unrealized gain on investments	(1,792,839)	(213,461)
Realized (gain) loss on investment sales	(476,231)	84,139
Gain on sale of property and equipment	(4,780)	-
Write-off of disposal of assets	2,626,471	-
Changes in operating assets and liabilities:		
Decrease in assets:		
Contributions and pledges receivable	936,592	1,123,819
Prepaid expenses and other receivables	81,388	113,337
Interest receivable	2,672	80,909
(Decrease) increase in liabilities:		
Accounts payable and accrued expenses	115,621	(213,125)
Refundable advances	27,610	(500,700)
Net Cash Provided by Operating Activities	3,964,497	4,912,452
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(1,334,625)	(639,807)
Proceeds from sale of property and equipment	4,780	-
Proceeds from investment sales	34,670,250	12,758,635
Purchases of investments	(36,488,223)	(16,206,916)
Net Cash Used in Investing Activities	(3,147,818)	(4,088,088)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of bond payable	(800,000)	(800,000)
Net Cash Used in Financing Activities	(800,000)	(800,000)
NET INCREASE IN CASH	16,679	24,364
Cash - beginning of year	24,964	600
CASH - END OF YEAR	$ 41,643	$ 24,964
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	$ 33,536	$ 257,432
Noncash Investing Activities		
Contributed property and equipment	$ 88,555	$ 156,472

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

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 14 partnering hospitals. The Organization assists up to 84 families from all over the world, 365 days per year and has assisted over 25,000 families in its over 31 year history. The Organization provides families with a supportive and caring environment consisting of emotional and spiritual support programs, comprehensive education programs and daily volunteer led activities. Individuals and groups volunteer their time for programs including pet therapy, music & dance programs, tutoring, computer training, science, Camp Ronald McDonald, self-defense and stress relief, daily playroom and evening activities. The programs give families the opportunity to share experiences, make new friends, and create a support group while building a friendly caring, supporting 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, sixteen kitchens, dining area, living room, chapel, two outside terraces, an atrium, playroom and two computer rooms. The House also provides round trip transportation services to families for hospital appointments.

The Comprehensive Education and Family Activities Program consists of comprehensive 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 parents who want to learn English. Rounding out the core education program are science, art, music, care giver support programs, and self-defense/dance movement. Our computer lab assists our guests to stay in touch with friends and family as well as a communication network to maintain work-related commitments. The care giver 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 service, hope and healing Mass with Sacrament of the Sick and a Latina spirituality and support group.

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 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.

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 investments purchased with a maturity of three months or less, other than interest-bearing accounts, to be operating cash equivalents. Additionally, the Organization considers all cash other than that held in the Organization's investment portfolio to be cash.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 unrestricted. Accordingly, approximately $470,000 of the unrestricted net assets are related to this campaign, but are considered unrestricted due to their broad use nature.

- 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.

- 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 three years.

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-free interest rates for the expected term of the promises to give applicable to the years in which the promises are received. Amortization of the discounts is included in contribution income. Room rental revenue is recorded when the family and child check in to stay at the Organization. As of December 31, 2009 and 2008, the Organization determined that an allowance for room rental receivables (included with other receivables on the accompanying statements of financial position) is not necessary. Conditional promises to give are not included as support until the conditions are substantially met.

   As of December 31, 2009 and 2008, the Organization determined that an allowance for uncollectible pledges of $50,000 and $25,000, respectively, 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, the aged basis of the receivable and historical experience.

   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 market 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.

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 11.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Functional expenses which are not specifically attributable to program services or supporting services are allocated based on estimates determined by management.

J. If material, in-kind contributions are recorded as revenue in the period in which they are received. For the years ended December 31, 2009 and 2008, the Organization recorded contributed goods and services amounting to $865,167 and $598,364, respectively, which are included in revenue, expenses and fixed assets for capitalized property and equipment in the accompanying financial statements. During the year ended December 31, 2009 and 2008, a member of the Organization's Board of Directors is the CEO of a public relations firm that donated approximately $84,000 and $137,188 of services to the Organization, which is shown below as contributed program entertainment and professional fees. During 2009 and 2008, in-kind contributions included the following:

	2009	2008
Capitalized property and equipment	$ 88,555	$ 156,472
Contributed program entertainment and enrichment	536,466	304,704
Contributed professional fees	41,663	50,585
Contributed supplies	73,704	-
Contributed repairs & maintenance	28,592	-
Contributed expensed equipment	33,150	-
Contributed fundraising support activities	63,037	86,603
Total in-kind contributions	$ 865,167	$ 598,364

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 $549,000 and $660,000, respectively, for the years ended December 31, 2009 and 2008.

K. 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 to meet certain compliance requirements stipulated by the Charities.

L. 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.

M. Management has evaluated events subsequent to the date of the balance sheet through April 20, 2010, the date the financial statements were available to be issued. No events have occurred subsequent to the balance sheet date through April 20, 2010 that would require adjustment or disclosure in the financial statements.

N. Effective January 1, 2009, the Organization adopted the provisions of FASB Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainties in Income Taxes – an interpretation of FASB Statement No. 109," now incorporated in ASC 740, which provides standards for establishing and classifying any tax provisions for uncertain tax positions. The adoption of FIN 48 did not have an effect on the Organization's financial position as of January 1, 2009 or the Organization's results of operations and cash flows for the year ended December 31, 2009. The Organization is no longer subject to federal or state and local income tax examinations by tax authorities for years before 2006.

NOTE 3 – CONTRIBUTIONS AND PLEDGES RECEIVABLE

Contributions and pledges receivable consist of the following as of December 31, 2009 and 2008:

	2009	2008
Due in less than a year	$ 1,062,628	$ 1,403,340
Between one and five years	49,898	649,898
	1,112,526	2,053,238
Less: Unamortized discount to present value	-	(7,540)
Less: Allowance for uncollectible accounts	(50,000)	(25,000)
	$ 1,062,526	$ 2,020,698

The pledges to be received after one year are discounted to fair value using an interest rate of 4.35%. Approximately $500,000 and $1,792,460 of the total contributions and pledges receivable as of December 31, 2009 and 2008, respectively, were from the McDonald Owners/Operators Association. Amortization of the pledges receivable discount amounted to $7,540 and $121,020, respectively, for the years ended December 31, 2009 and 2008, and is included as additional public support in the accompanying statements of activities.

NOTE 4 – INVESTMENTS

Investments consist of the following as of December 31, 2009 and 2008:

		2009	2008	
Unrestricted:				
Cash		$ 3,021,726	$ 220,351	
Money market funds		3,750,660	29,932,175	
U.S government treasury notes		3,760,623	4,341,382	
Mutual funds		2,255,192	61,391	
U.S. & foreign corporate obligations		6,271,236	-	
U.S. & foreign corporate equities		287,443	127	
U.S. & foreign equity funds		1,338,529	-	
Fixed income funds		3,515,455	-	
Restricted:				
U.S. government treasury notes		661,815	594,941	
Cash		843	749	
	Subtotal	24,921,629	35,151,116	
Alternative investments:				
Hedge funds		3,763,171	-	A
Limited partnerships		9,154,989	-	B
Structured investments		1,398,370	-	C
	Subtotal	14,316,530	-	
	Total	$ 39,238,159	$ 35,151,116	

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. Structured 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. Gains 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, 2009 and 2008, $662,658 and $595,690, respectively, were restricted for bond repayment. In addition, $1,103,915 was restricted for endowment as of December 31, 2009 and 2008.

Interest receivable of $90,079 and $92,751 as of December 31, 2009 and 2008 is for interest earned on investments, but not received.

Investment income consists of the following for the years ended December 31, 2009 and 2008:

	2009	2008
Interest and dividends	$ 601,876	$ 953,675
Unrealized gain on investments	1,792,839	213,461
Realized gain (loss) on investment sales	476,231	(84,139)
	$ 2,870,946	$ 1,082,997

In February 2010, investments in a particular institution were liquidated and transferred to an existing alternative investments fund.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31, 2009 and 2008:

	2009	2008	Estimated Useful Lives
Land	$ 9,600,607	$ 9,600,607	
Building	20,583,954	20,583,954	5-30 years
Vehicle	125,350	125,350	3 years
Furniture, fixtures and equipment	4,282,343	2,874,177	3-10 years
Construction in progress (see page 12)	5,400,000	8,026,470	
Total cost	39,992,254	41,210,558	
Less: Accumulated depreciation	(15,281,832)	(13,096,565)	
Net book value	$ 24,710,422	$ 28,113,993	

NOTE 5 – PROPERTY AND EQUIPMENT (continued)

Depreciation expense amounted to $2,200,280 and $1,804,282 for the years ended December 31, 2009 and 2008, respectively.

During 2009, the Organization sold fully depreciated equipment with original cost of $15,013 and received approximately $4,780 in cash. This amount was recorded as miscellaneous income on the statement of activities.

In January 2003, the Organization purchased property at 405 East 60th Street, New York City for $9,000,000. The property is comprised of land with a parking garage. The construction in progress as of December 31, 2008 represented building and improvements at this location. As of March 2009, the Organization has put all construction in progress relating to this building on hold due to the current condition of the economy. At the end of 2009, the Organization decided that construction would not begin in the near future and the construction in progress for improvements, representing fees, architectural plans, permits and related costs, had no future value. The Organization wrote off $2,626,471 for the disposal of these assets in 2009.

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 $435,000 and $411,845, respectively, for the years ended December 31, 2009 and 2008. In January 2009, the Organization extended the lease with CPS for five years through December 2013.

The future minimum rental payments for the years ending after December 31, 2009 are as follows:

2010	$ 448,050
2011	461,492
2012	475,336
2013	489,596

NOTE 6 – BONDS PAYABLE

Bonds payable amounted to $9,300,000 and $10,100,000 as of December 31, 2009 and 2008, respectively, and consist of variable rate tax-exempt bonds. Proceeds were used for the construction of the Ronald McDonald House (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, 2009 and 2008, the interest rate on the bonds was 0.20% and 0.65% per annum, respectively. The bonds have a maturity of 30 years, but the Organization can repay the payments at any time and retire the bond issue.

The bonds are collateralized by a letter of credit in the amount of the outstanding bond balance in which four banks participate. The letter of credit has been extended through November 8, 2013. 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, 2009 and 2008, activity related to bond principal consisted of the following:

	2009	2008
Bonds payable, at the beginning of the year	$ 10,100,000	$ 10,900,000
Sinking fund payment for the year	(800,000)	(800,000)
Bonds payable, at the end of the year	$ 9,300,000	$ 10,100,000

NOTE 6 – BONDS PAYABLE (continued)

Sinking fund requirements for the principal portion of the bonds payable for the years ended after December 31, 2009 are as follows:

2010	$ 900,000
2011	900,000
2012	900,000
2013	1,000,000
2014	1,000,000
Thereafter	4,600,000
	$ 9,300,000

The Organization remits monthly payments of approximately $75,000 to a trustee towards the next annual installment of $900,000 due on May 1, 2009. As of December 31, 2009 and 2008, the debt sinking fund deposit with the Bond Trustee amounted to $662,658 and $595,690, respectively.

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 using the straight-line basis, which approximates the effective interest method. Interest and amortization expense amounted to $106,278 and $316,466 for the years ended December 31, 2009 and 2008, respectively. As of December 31, 2009 and 2008, deferred financing costs consist of the following:

	2009	2008
Deferred financing costs	$ 615,760	$ 615,760
Less: Accumulated amortization	(511,634)	(488,606)
Deferred financing costs	$ 104,126	$ 127,154

The estimated annual amortization expense for the five years following December 31, 2009 is $83,189 for 2010, $64,347 for 2011, $47,660 for 2012, $33,313 for 2013 and $21,305 for 2014.

NOTE 7 – PENSION RETIREMENT PLANS

The Organization maintained a qualified defined contribution pension plan entitled the Children's Oncology Society of New York, Inc. Savings Plan (the "Savings Plan"), for all eligible employees through December 2007. In January 2008 the Organization terminated the Savings Plan and transferred the funds to 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, 2009 and 2008 for the 401(k) Plans was approximately $220,500 and $182,500, 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 with the adoption of the aforementioned Savings Plan. Investments and accrued pension liabilities of $58,107 and $51,323 at December 31, 2009 and 2008, respectively, are included in investment assets and accrued expenses in 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 does not allow rollovers to a 401(k) plan from the Pension Plan.

NOTE 8 – NET ASSETS

Temporarily restricted net assets are available for the following as of December 31, 2009 and 2008:

	2009	2008
Purpose restricted	$ 79,690	$ 76,534
Time restricted	549,897	1,942,358
	$ 629,587	$ 2,018,892

For the years ended December 31, 2009 and 2008, temporarily restricted net assets in the amount of $1,631,820 and $1,265,020, 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, 2009 and 2008 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 is unrestricted. Income from the remainder of permanently restricted securities (approximately $518,000 as of December 31, 2009 and 2008) is 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.

FASB Staff Position ("FSP") No. FAS 117-1 provides guidance on the net asset classifications of donor-restricted endowment funds for a not-for-profit organization that is not yet subject to Uniform Prudent Management of Funds Act ("UPMIFA"). The FSP also improves disclosure about the organizations endowment funds, whether or not the organization is subject to UPMIFA.

The Board of Directors of the Organization have interpreted New York State nonprofit law as requiring the preservation of the historical dollar value of the original donor restricted endowment gift as of the gift date, absent of explicit donor stipulations to the contrary and the Board designated funds. See Note 2C for how the Organization maintains its net assets.

Changes in endowment net assets for year ended December 31, 2009:

	Board Designated	Permanently Restricted	Total Endowments	Total Investments
Investment activity:				
Interest and dividends	$ -	$ -	$ -	$ 55,798
Unrealized (loss) gain on investments	-	-	-	(29,243)
Total investment activity	-	-	-	26,555
Amount appropriated for expenditure	-	-	-	(92,880)
Total Endowment Activity	-	-	-	(66,325)
Endowment net assets, beginning of year	470,100	1,103,915	1,574,015	1,718,174
Endowment net assets, end of year	$ 470,100	$ 1,103,915	$ 1,574,015	$ 1,651,849

Accumulated earnings on endowment net assets as of December 31, 2009 and 2008 were $77,934 and $144,259, respectively.

NOTE 8 – NET ASSETS (Continued)

Changes in endowment net assets for year ended December 31, 2008:

	Board Designated	Permanently Restricted	Total Endowments	Total Investments
Investment activity:				
Interest and dividends	$ -	$ -	$ -	$ 77,539
Unrealized gain on investments	-	-	-	11,604
Total investment activity	-	-	-	89,143
Amount appropriated for expenditure	-	-	-	-
Total Endowment Activity	-	-	-	89,143
Endowment net assets, beginning of year	470,100	1,103,915	1,574,015	1,629,031
Endowment net assets, end of year	$ 470,100	$ 1,103,915	$ 1,574,015	$ 1,718,174

Accumulated earnings on endowment net assets as of December 31, 2008 and 2007 were $144,259 and $55,116, respectively.

Endowment net assets of $1,574,015 are included with investments on the statements of financial position for the years ended December 31, 2009 and 2008.

NOTE 9 – ALLOCATION OF JOINT COSTS

During the years ended December 31, 2009 and 2008, the Organization incurred joint costs of $363,910 and $275,775 (other than donated services), respectively, for informational materials and activities that were included in fundraising appeals. During the year ended December 31, 2009, $73,095 was allocated to program expenses and $290,815 was allocated to fundraising. During the year ended December 31, 2008, $59,907 was allocated to program expenses and $215,868 was allocated to fundraising.

NOTE 10 – CONCENTRATIONS

Financial instruments that potentially subject the Organization to a concentration risk include cash held with a bank in excess of FDIC insurance limits by approximately $1,340,000 and $3,355,000 as of December 31, 2009 and 2008, respectively. Effective October 14, 2008, the basic limit on federal deposit insurance coverage (FDIC) was increased from $100,000 to $250,000 for interest bearing accounts and unlimited for non-interest bearing accounts until June 30, 2010. Effective January 1, 2010, the financial institutions opted out of the Transaction Account Guarantee Program and as such the FDIC deposit insurance for interest bearing and non-interest bearing accounts is $250,000.

NOTE 11 – 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 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.

NOTE 11 – FAIR VALUE MEASUREMENTS (Continued)

Financial assets and liabilities carried at fair value at December 31, 2009 are classified in the table as follows:

	Level 1	Level 2	Level 3	Total 2009
ASSETS CARRIED AT FAIR VALUE:				
Investments:				
Cash	$ 3,022,569	$ -	$ -	$ 3,022,569
Money market funds	3,750,660	-	-	3,750,660
U.S government treasury notes	4,422,438	-	-	4,422,438
Mutual funds	2,313,299	-	-	2,313,299
U.S. & foreign corporate obligations	-	6,271,236	-	6,271,236
U.S. & foreign corporate equities	287,443	-	-	287,443
U.S. & foreign equity funds	1,338,529	-	-	1,338,529
Fixed income funds	250,000	3,265,455	-	3,515,455
Alternative investments	-	-	14,316,530	14,316,530
TOTAL ASSETS AT FAIR VALUE	$ 15,384,938	$ 9,536,691	$ 14,316,530	$ 39,238,159
LIABILITIES CARRIED AT FAIR VALUE:				
Mutual funds held in 457(b) pension plan	$ 58,107	$ -	$ 14,316,530	$ 58,107

Financial assets and liabilities carried at fair value at December 31, 2008 are classified in Level 1 as follows:

ASSETS CARRIED AT FAIR VALUE:	
Investments:	
Cash	$ 221,100
Money market funds	29,932,175
U.S. government treasury notes	4,936,323
Mutual funds	61,391
U.S. & foreign corporate equities	127
TOTAL ASSETS AT FAIR VALUE	$ 35,151,116
LIABILITIES CARRIED AT FAIR VALUE:	
Mutual funds held in 457(b) pension plan	$ 51,323

Investments in cash, money market funds, U.S. government treasury notes, mutual funds and U.S. & foreign corporate equities 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. U.S. & foreign corporate obligations, U.S. & foreign equity funds and fixed income funds are designated as Level 2 instruments and valuations are obtained from readily-available pricing sources for comparable instruments (credit risk/grade, maturities etc). Alternative investments are designated as Level 3 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.

The reconciliation for the year ended December 31, 2009 of the alternative investments measured at estimated fair value classified as Level 3 as follows:

Balance at January 1, 2009	$ -
Contributions	11,471,822
Income	2,844,708
Balance at December 31, 2009	$ 14,316,530