RONALD MCDONALD HOUSE OF NEW YORK, INC.

RONALD MCDONALD HOUSE NEW YORK

Financial Statements
(Together with Independent Auditors' Report)

Years Ended December 31, 2010 and 2009

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, 2010 AND 2009

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Marks Paneth & Shron LLP
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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, 2010 and 2009, 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, 2010 and 2009, 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 18, 2011

622 THIRD AVENUE
NEW YORK, NY 10017-6701
P. 212.503.8800 F. 212.370.3759
WWW.MARKSPANETH.COM

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RONALD MCDONALD HOUSE OF NEW YORK, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2010 AND 2009

	2010	2009
ASSETS		
Cash (Notes 2B and 10)	$ 1,644,718	$ 41,643
Interest receivable (Note 4)	49,025	90,079
Prepaid expenses and other receivables (Note 2F)	501,197	339,318
Contributions and pledges receivable, net (Notes 2F and 3)	1,392,575	1,062,526
Investments (Notes 2G, 2H, 4 and 11)	40,150,916	38,575,501
Investments, restricted use (Notes 2G, 2H, 4, 6 and 11)	662,970	662,658
Property and equipment, net (Notes 2E, 2J, 5, and 6)	25,138,446	24,710,422
Deferred financing costs, net (Note 6)	83,189	104,126
TOTAL ASSETS	$ 69,623,036	$ 65,586,273
LIABILITIES		
Accounts payable and accrued expenses (Notes 2H, 7 and 11)	$ 993,650	$ 626,939
Refundable advances (Note 2L)	149,500	29,910
Bonds payable (Note 6)	8,400,000	9,300,000
TOTAL LIABILITIES	9,543,150	9,956,849
NET ASSETS (Note 2C)		
Unrestricted:		
Undesignated	41,165,227	37,911,274
Net investment in property and equipment	16,821,635	15,514,548
Designated for future use (Notes 8 and 11)	470,100	470,100
Total unrestricted	58,456,962	53,895,922
Temporarily restricted (Notes 4 and 8)	519,009	629,587
Permanently restricted (Notes 4, 8 and 11)	1,103,915	1,103,915
TOTAL NET ASSETS	60,079,886	55,629,424
TOTAL LIABILITIES AND NET ASSETS	$ 69,623,036	$ 65,586,273

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, 2010 AND 2009

	Year Ended December 31, 2010				Year Ended December 31, 2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2010	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2009
PUBLIC SUPPORT AND REVENUE:								
Public Support:								
Special events revenue	$ 6,646,356	$ -	$ -	$ 6,646,356	$ 6,293,607	$ -	$ -	$ 6,293,607
Less: cost of direct benefit to donors	(1,170,496)	-	-	(1,170,496)	(1,036,486)	-	-	(1,036,486)
Special events, net	5,475,860	-	-	5,475,860	5,257,121	-	-	5,257,121
McDonald's Owner/Operators Association (Notes 3 and 6)	150,000	-	-	150,000	7,540	-	-	7,540
Bequests (Note 2F and 10B)	1,560,142	-	-	1,560,142	184,540	-	-	184,540
Direct mail contributions	1,789,373	-	-	1,789,373	1,240,996	-	-	1,240,996
Contributions (Note 2J)	2,605,725	402,800	-	3,008,525	2,278,035	242,515	-	2,520,550
Total public support	11,581,100	402,800	-	11,983,900	8,968,232	242,515	-	9,210,747
Revenue:								
Room rental (Note 2F)	827,085	-	-	827,085	785,606	-	-	785,606
Investment income (Note 4)	2,718,290	-	-	2,718,290	2,870,946	-	-	2,870,946
Parking garage rental, net of costs of $329,182 in 2010 and $490,268 in 2009 (Note 5)	118,874	-	-	118,874	(55,269)	-	-	(55,269)
Other	34,128	-	-	34,128	43,263	-	-	43,263
Total revenue	3,698,377	-	-	3,698,377	3,644,546	-	-	3,644,546
Net assets released from restrictions (Note 8)	513,378	(513,378)	-	-	1,631,820	(1,631,820)	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	15,792,855	(110,578)	-	15,682,277	14,244,598	(1,389,305)	-	12,855,293
EXPENSES:								
Program Services								
Room rental	6,268,944	-	-	6,268,944	5,474,368	-	-	5,474,368
Camp Ronald McDonald	69,305	-	-	69,305	67,275	-	-	67,275
Volunteer activities	372,750	-	-	372,750	358,359	-	-	358,359
Education and support	611,942	-	-	611,942	898,914	-	-	898,914
Total supporting services	7,322,941	-	-	7,322,941	6,798,916	-	-	6,798,916
Supporting Services:								
Management and general	1,150,837	-	-	1,150,837	868,293	-	-	868,293
Fundraising	2,742,488	-	-	2,742,488	2,269,953	-	-	2,269,953
Total supporting services	3,893,325	-	-	3,893,325	3,138,246	-	-	3,138,246
TOTAL EXPENSES	11,216,266	-	-	11,216,266	9,937,162	-	-	9,937,162
CHANGE IN NET ASSETS BEFORE WRITE-OFF OF ASSETS	4,576,589	(110,578)	-	4,466,011	4,307,436	(1,389,305)	-	2,918,131
Write-off of assets (Note 5)	(15,549)	-	-	(15,549)	(2,626,471)	-	-	(2,626,471)
CHANGE IN NET ASSETS	4,561,040	(110,578)	-	4,450,462	1,680,965	(1,389,305)	-	291,660
Net assets - beginning 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
NET ASSETS - END OF YEAR	$ 58,456,962	$ 519,009	$ 1,103,915	$ 60,079,886	$ 53,895,922	$ 629,587	$ 1,103,915	$ 55,629,424

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, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

	For the Year Ended December 31, 2010									
	Program Services					Supporting Services				
	Room Rental	Camp Ronald McDonald	Volunteer Activities	Education & Support	Total Program	Management and General	Fundraising	Parking Garage	Total 2010	Total 2009
Salaries	$ 1,766,280	$ 35,860	$ 140,439	$ 115,098	$ 2,057,677	$ 461,700	$ 640,678	$ -	$ 3,160,055	$ 2,736,924
Payroll taxes and employee benefits (Note 7)	635,695	9,713	44,941	36,831	727,180	163,146	226,350	-	1,116,676	953,731
Total Salaries and Related Costs	2,401,975	45,573	185,380	151,929	2,784,857	624,846	867,028	-	4,276,731	3,690,655
Interest expense (Note 6)	69,147	-	-	-	69,147	347	-	-	69,494	83,250
Occupancy	301,664	-	-	-	301,664	1,516	-	-	303,180	315,052
Consulting fees	15,779	-	-	-	15,779	25,265	9,486	-	50,530	221,666
Repairs and maintenance (Note 2J)	186,168	-	-	-	186,168	936	-	-	187,104	220,817
Supplies (Note 2J)	220,643	-	-	2,809	223,452	40,899	11,861	-	276,212	231,450
Family activity expenses:										
Program entertainment and enrichment (Note 2J)	347,255	15,432	-	179,304	541,991	-	-	-	541,991	745,388
Trips, outings and parties	-	8,300	91,564	28,871	128,735	-	-	-	128,735	105,526
Education and counseling	-	-	-	69,426	69,426	-	-	-	69,426	57,642
Transportation and other	-	-	-	51,596	51,596	-	-	-	51,596	85,584
Volunteer and staff recognition	86,776	-	95,806	-	182,582	32,774	14,760	-	230,116	120,806
Staff development	29,217	-	-	-	29,217	7,164	6,530	-	42,911	51,057
Fundraising support activities (Notes 2J and 4)	-	-	-	-	-	-	103,220	-	103,220	113,789
Special events expense	-	-	-	-	-	-	1,821,984	-	1,821,984	1,486,004
Printing and publications	68,827	-	-	1,452	70,279	16,346	23,389	-	110,014	39,928
Professional fees (Note 2J)	130,051	-	-	2,200	132,251	137,166	-	390	269,807	269,931
Telephone	77,444	-	-	2,601	80,045	17,680	30,680	-	128,405	84,943
Insurance	63,538	-	-	-	63,538	319	-	21,301	85,158	92,320
Postage, messenger and other	35,506	-	-	-	35,506	7,966	12,689	55	56,216	51,227
Direct mail campaign expenses:									-	
Printing, postage and mailing services (Note 9)	-	-	-	121,754	121,754	-	793,517	-	915,271	548,499
Consulting fees and list purchases	-	-	-	-	-	-	83,597	-	83,597	226,548
Artwork and other	-	-	-	-	-	-	5,944	-	5,944	17,060
Real estate taxes	-	-	-	-	-	-	-	127,161	127,161	123,847
Travel	18,531	-	-	-	18,531	21,232	11,875	-	51,638	26,080
Miscellaneous (Note 2J)	92,603	-	-	-	92,603	3,795	108,067	275	204,740	202,419
Bad debt	-	-	-	-	-	189,473	-	-	189,473	29,120
Depreciation	2,102,998	-	-	-	2,102,998	22,998	8,357	180,000	2,314,353	2,200,280
Amortization of deferred financing costs (Note 6)	20,822	-	-	-	20,822	115	-	-	20,937	23,028
Subtotal	6,268,944	69,305	372,750	611,942	7,322,941	1,150,837	3,912,984	329,182	12,715,944	11,463,916
Less: cost of operations of parking garage	-	-	-	-	-	-	-	(329,182)	(329,182)	(490,268)
Less: cost of direct benefit to donor	-	-	-	-	-	-	(1,170,496)	-	(1,170,496)	(1,036,486)
TOTAL EXPENSES	$ 6,268,944	$ 69,305	$ 372,750	$ 611,942	$ 7,322,941	$ 1,150,837	$ 2,742,488	$ -	$ 11,216,266	$ 9,937,162

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

	Program Services					Supporting Services			
	Room Rental	Camp Ronald McDonald	Volunteer Activities	Education & Support	Total Program	Management and General	Fundraising	Parking Garage	Total 2009
Salaries	$ 1,493,122	$ 28,165	$ 147,731	$ 135,404	$ 1,804,422	$ 392,733	$ 539,769	$ -	$ 2,736,924
Payroll taxes and employee benefits (Note 7)	489,511	7,903	42,274	89,096	628,784	136,855	188,092	-	953,731
Total Salaries and Related Costs	1,982,633	36,068	190,005	224,500	2,433,206	529,588	727,861	-	3,690,655
Interest expense (Note 6)	82,834	-	-	-	82,834	416	-	-	83,250
Occupancy	313,477	-	-	-	313,477	1,575	-	-	315,052
Consulting fees	92,620	-	-	-	92,620	47,753	81,293	-	221,666
Repairs and maintenance (Note 2J)	219,713	-	-	-	219,713	1,104	-	-	220,817
Supplies (Note 2J)	193,190	-	-	-	193,190	27,410	10,850	-	231,450
Family activity expenses:									
Program entertainment and enrichment (Note 2J)	310,226	31,207	-	403,955	745,388	-	-	-	745,388
Trips, outings and parties	-	-	65,058	40,468	105,526	-	-	-	105,526
Education and counseling	-	-	-	57,642	57,642	-	-	-	57,642
Transportation and other	85,584	-	-	-	85,584	-	-	-	85,584
Volunteer and staff recognition	-	-	103,296	-	103,296	10,506	7,004	-	120,806
Staff development	38,169	-	-	-	38,169	6,502	6,386	-	51,057
Fundraising support activities (Notes 2J and 4)	-	-	-	-	-	-	113,789	-	113,789
Special events expense	-	-	-	-	-	-	1,486,004	-	1,486,004
Printing and publications	-	-	-	11,359	11,359	14,382	14,187	-	39,928
Professional fees (Note 2J)	41,663	-	-	87,895	129,558	138,866	-	1,507	269,931
Telephone	52,291	-	-	-	52,291	10,743	21,909	-	84,943
Insurance	72,059	-	-	-	72,059	362	-	19,899	92,320
Postage, messenger and other	33,111	-	-		33,111	7,207	10,894	15	51,227
Direct mail campaign expenses:									
Printing, postage and mailing services (Note 9)	-	-	-	73,095	73,095	-	475,404	-	548,499
Consulting fees and list purchases	-	-	-	-	-	-	226,548	-	226,548
Artwork and other		-	-	-	-	-	17,060	-	17,060
Real estate taxes	-	-		-	-	-	-	123,847	123,847
Travel	3,109	-	-	-	3,109	15,467	7,504	-	26,080
Miscellaneous (Note 2J)	105,506	-	-	-	105,506	9,733	87,180	-	202,419
Bad debt	-	-	-	-	-	29,120	-	-	29,120
Depreciation	1,825,270	-	-	-	1,825,270	17,444	12,566	345,000	2,200,280
Amortization of deferred financing costs (Note 6)	22,913	-	-	-	22,913	115	-	-	23,028
Subtotal	5,474,368	67,275	358,359	898,914	6,798,916	868,293	3,306,439	490,268	11,463,916
Less: cost of operations of parking garage	-	-	-	-	-	-	-	(490,268)	(490,268)
Less: cost of direct benefit to donor	-	-	-	-	-	-	(1,036,486)	-	(1,036,486)
TOTAL EXPENSES	$ 5,474,368	$ 67,275	$ 358,359	$ 898,914	$ 6,798,916	$ 868,293	$ 2,269,953	$ -	$ 9,937,162

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, 2010 AND 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 4,450,462	$ 291,660
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,314,353	2,200,280
Bad debt	189,473	29,120
Amortization of deferred financing costs	20,937	23,028
Amortization of discount on pledges receivable	-	(7,540)
Contributed property and equipment	(286,245)	(88,555)
Unrealized gain on investments	(1,993,011)	(1,792,839)
Realized gain on investment sales	(293,622)	(476,231)
Gain on sale of property and equipment	-	(4,780)
Write-off of disposal of assets	15,549	2,626,471
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Contributions and pledges receivable	(519,522)	936,592
Prepaid expenses and other receivables	(161,879)	81,388
Interest receivable	41,054	2,672
Increase in liabilities:		
Accounts payable and accrued expenses	366,711	115,621
Refundable advances	119,590	27,610
Net Cash Provided by Operating Activities	4,263,850	3,964,497
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(2,471,681)	(1,334,625)
Proceeds from sale of property and equipment	-	4,780
Proceeds from investment sales	22,766,708	34,670,250
Purchases of investments	(22,055,802)	(36,488,223)
Net Cash Used in Investing Activities	(1,760,775)	(3,147,818)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of bond payable	(900,000)	(800,000)
Net Cash Used in Financing Activities	(900,000)	(800,000)
NET INCREASE IN CASH	1,603,075	16,679
Cash - beginning of year	41,643	24,964
CASH - END OF YEAR	$ 1,644,718	$ 41,643
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	$ 20,349	$ 33,536
Noncash Investing Activities		
Contributed property and equipment	$ 286,245	$ 88,555

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 13 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 32 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, yoga & wellness, 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, four large kitchens, dining area, living room, chapel, two outside terraces, an atrium, playroom and a computer room. 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 guests 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 when acquired, 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. 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 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, 2010 and 2009, 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, 2010 and 2009, the Organization determined that an allowance for uncollectible pledges of $100,000 and $50,000, 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 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 are 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 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, 2010 and 2009, the Organization recorded contributed goods and services amounting to $788,076 and $865,167, 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, 2010 and 2009, a member of the Organization's Board of Directors was the CEO of a public relations firm that donated approximately $69,000 and $84,000 of services to the Organization, which is shown below as contributed program entertainment and enrichment and professional fees. During 2010 and 2009, in-kind contributions included the following:

	2010	2009
Capitalized property and equipment	$ 286,245	$ 88,555
Contributed program entertainment and enrichment	368,082	536,466
Contributed professional fees	18,317	41,663
Contributed supplies	58,136	73,704
Contributed repairs and maintenance	5,404	28,592
Contributed expensed equipment	-	33,150
Contributed fundraising support activities	51,892	63,037
Total in-kind contributions	$ 788,076	$ 865,167

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 $538,000 and $549,000, respectively, for the years ended December 31, 2010 and 2009.

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 the obligation 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. Effective January 1, 2010, the Organization partially adopted Accounting Standards Updated 2010-6 ("ASU 2010-6"), Fair Value Measurements and Disclosures (Topic 820), *Improving Disclosures about Fair Value Measurements.* ASU 2010-6 modified existing disclosures to require disclosures by asset or liability class when providing fair value measurement disclosures (see Note 4).

N. Management has evaluated events subsequent to the date of the balance sheet through April 18, 2011, the date the financial statements were available to be issued. No events have occurred subsequent to the balance sheet date through April 18, 2011 that would require adjustment or disclosure in the financial statements.

O. The Organization has no uncertain tax positions as of December 31, 2010 and 2009 in accordance with Accounting Standards Codification ("ASC") Topic 740, 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, 2007.

P. Certain line items in the December 31, 2009 financial statements have been reclassified to conform to the December 31, 2010 presentation.

NOTE 3 – CONTRIBUTIONS AND PLEDGES RECEIVABLE

Contributions and pledges receivable consist of the following as of December 31, 2010 and 2009:

	2010	2009
Due in less than a year	$ 1,292,677	$ 1,062,628
Between one and five years	199,898	49,898
	1,492,575	1,112,526
Less: Allowance for uncollectible accounts	(100,000)	(50,000)
	$ 1,392,575	$ 1,062,526

$0 and $500,000 of the total contributions and pledges receivable as of December 31, 2010 and 2009, respectively, were from the McDonald Owners/Operators Association. Amortization of the pledges receivable discount using an interest rate of 4.35% amounted to $0 and $7,540, respectively, for the years ended December 31, 2010 and 2009, 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, 2010 and 2009:

	2010	2009
Unrestricted:		
Cash	$ 2,323,792	$ 3,021,723
Money market funds	1,206,260	3,750,660
Equity securities:		
U.S. large cap	880,641	1,024,646
U.S. mid/small cap	1,212,311	211,148
Non U.S. equities	1,508,962	390,178
Fixed income securities:		
Mutual funds	3,409,756	3,265,455
Corporate bonds	5,410,947	6,156,863
Government and agency bonds	519,340	3,760,624
International bonds	426,992	114,465
Non U.S. global macro fund	197,594	100,000
Other	278,965	150,000
Mutual funds:		
Common stock	68,006	58,603
U.S. large cap	16,094	14,410
U.S. mid/small cap	5,505	1,911
Non U.S. equities	6,776	2,993
Fixed income securities	8,047	2,071,437
Cash	3,782	163,945
Restricted:		
U.S. government treasury notes	-	661,815
Cash	662,970	753
Subtotal	18,146,740	24,921,629

NOTE 4 – INVESTMENTS (Continued)

		2010	2009	
Alternative investments:				
Hedge funds		$ 4,735,284	$ 3,763,171	A
Limited partnerships		16,659,718	9,154,989	B
Structured investments		1,272,144	1,398,370	C
	Subtotal	22,667,146	14,316,530	
	Total	$ 40,813,886	$ 39,238,159	

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, 2010 and 2009, $662,970 and $662,658, respectively, were restricted for bond repayment. In addition, $1,103,915 was restricted for endowment as of December 31, 2010 and 2009.

Interest receivable of $49,025 and $90,079 as of December 31, 2010 and 2009 is for interest earned on investments, but not received.

Investment income consists of the following for the years ended December 31, 2010 and 2009

	2010	2009
Interest and dividends	$ 431,657	$ 601,876
Unrealized gain on investments	1,993,011	1,792,839
Realized gain on investment sales	293,622	476,231
	$ 2,718,290	$ 2,870,946

The Organization incurred investment expenses of $60,828 and $51,744 during the years ended December 31, 2010 and 2009, 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, 2010 and 2009:

	2010	2009	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	6,865,050	4,282,343	3-10 years
Construction in progress	5,400,000	5,400,000	
Total cost	42,574,961	39,992,254	
Less: Accumulated depreciation	(17,436,515)	(15,281,832)	
Net book value	$ 25,138,446	$ 24,710,422	

Depreciation expense amounted to $2,314,353 and $2,200,280 for the years ended December 31, 2010 and 2009, respectively.

During 2010, the Organization wrote off partially depreciated assets that were no longer in use with an original cost of $175,129 and accumulated depreciation of $159,670 for a net value of $15,459.

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. As of March 2009, the Organization had 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 $448,056 and $435,000, respectively, for the years ended December 31, 2010 and 2009. 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, 2010 are as follows:

2011	$	461,492
2012		475,336
2013		489,596

NOTE 6 – BONDS PAYABLE

Bonds payable amounted to $8,400,000 and $9,300,000 as of December 31, 2010 and 2009, 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.

NOTE 6 – BONDS PAYABLE (Continued)

At December 31, 2010 and 2009, the interest rate on the bonds was 0.33% and 0.20% 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, 2010 and 2009, activity related to bond principal consisted of the following:

	2010	2009
Bonds payable, at the beginning of the year	$ 9,300,000	$ 10,100,000
Sinking fund payment for the year	(900,000)	(800,000)
Bonds payable, at the end of the year	$ 8,400,000	$ 9,300,000

Sinking fund requirements for the principal portion of the bonds payable for the years ended after December 31, 2010 are as follows:

2011	$ 900,000
2012	900,000
2013	1,000,000
2014	1,000,000
2015	1,100,000
Thereafter	3,500,000
	$ 8,400,000

The Organization remits monthly payments of approximately $75,000 to a trustee towards the next annual installment of $900,000 due on May 1, 2011. As of December 31, 2010 and 2009, the debt sinking fund deposit with the Bond Trustee amounted to $662,970 and $662,658, 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 $90,431 and $106,278 for the years ended December 31, 2010 and 2009, respectively. As of December 31, 2010 and 2009, deferred financing costs consist of the following:

	2010	2009
Deferred financing costs	$ 615,760	$ 615,760
Less: Accumulated amortization	(532,571)	(511,634)
Deferred financing costs	$ 83,189	$ 104,126

The estimated annual amortization expense for the five years following December 31, 2010 is $18,842 for 2011, $16,687 for 2012, $14,347 for 2013, $12,007 for 2014, and $9,421 for 2015.

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, 2010 and 2009 for the 401(k) Plans was approximately $236,000 and $220,500, 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.

NOTE 7 – PENSION RETIREMENT PLANS (Continued)

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 $65,861 and $58,107 at December 31, 2010 and 2009, 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 Code 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, 2010 and 2009:

	2010	2009
Purpose restricted	$ 89,111	$ 79,690
Time restricted	429,898	549,897
	$ 519,009	$ 629,587

For the years ended December 31, 2010 and 2009, temporarily restricted net assets in the amount of $513,378 and $1,631,820, 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, 2010 and 2009 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 temporarily restricted until appropriated for spending by the Board. Income from the remainder of permanently restricted securities (approximately $518,000 as of December 31, 2010 and 2009) 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.

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 requires that the Board appropriate for expenditure all earnings of such funds (both realized and unrealized) with a presumption of prudence to a ceiling of 7% annually based on a quarterly rolling 5-year average of such earnings.

The Board explicitly appropriates all earnings as of and prior to December 31, 2010, whether deemed spent or not as unrestricted. Beginning with the 2010 year, 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.

NOTE 8 – NET ASSETS (Continued)

Changes in endowment net assets for year ended December 31, 2010:

	Board Designated	Permanently Restricted	Total Endowments	Total Investments
Investment activity:				
Interest and dividends	$ -	$ -	$ -	$ 50,865
Unrealized (loss) gain on investments	-	-	-	(23,627)
Total investment activity	-	-	-	27,238
Amount appropriated for expenditure	-	-	-	(36,097)
Total Endowment Activity	-	-	-	(8,859)
Endowment net assets, beginning of year	470,100	1,103,915	1,574,015	1,651,849
Endowment net assets, end of year	$ 470,100	$ 1,103,915	$ 1,574,015	$ 1,642,990

Accumulated earnings on endowment net assets as of December 31, 2010 and 2009 were $68,975 and $77,834, respectively.

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 $77,834 and $144,259, respectively.

Endowment net assets of $1,574,015 are included with investments on the statements of financial position for the years ended December 31, 2010 and 2009.

NOTE 9 – ALLOCATION OF JOINT COSTS

During the years ended December 31, 2010 and 2009, the Organization incurred joint costs of $436,553 and $363,910 (other than donated services), respectively, for informational materials and activities that were included in fundraising appeals. During the year ended December 31, 2010, $121,754 was allocated to program expenses and $314,799 was allocated to fundraising. During the year ended December 31, 2009, $73,095 was allocated to program expenses and $290,815 was allocated to fundraising.

NOTE 10 – CONCENTRATIONS

A. Financial instruments that potentially subject the Organization to a concentration risk include cash and cash equivalents held with banks that were either not insured or in excess of FDIC insurance limits by approximately $590,000 and $1,340,000 as of December 31, 2010 and 2009, respectively. The basic limit on FDIC is $250,000 for interest-bearing accounts, which was made permanent on July 10, 2010, and the coverage for noninterest-bearing accounts is unlimited until December 31, 2012.

B. The Organization's bequests revenue for the year ended December 31, 2010 includes a gift of $1.5 million from one donor, which represents approximately 13% of total public support and revenue for the year ended December 31, 2010.

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.

Financial assets and liabilities carried at fair value at December 31, 2010 are classified in the table as follows:

	Level 1	Level 2	Level 3	Total 2010
ASSETS CARRIED AT FAIR VALUE:				
Investments:				
Money market funds	$ 1,206,260	$ -	$ -	$ 1,206,260
Equity securities:				
U.S. large cap	880,641	-	-	880,641
U.S. mid/small cap	1,212,311	-	-	1,212,311
Non U.S. equities	1,508,962	-	-	1,508,962
Fixed income securities:				
Mutual funds	3,409,756	-	-	3,409,756
Corporate bonds	-	5,410,947	-	5,410,947
Government and agency bonds	-	519,340	-	519,340
International bonds	-	426,992	-	426,992
Non U.S. global macro fund	-	197,594	-	197,594
Other	-	278,965	-	278,965
Mutual funds:				
Common stock	68,006	-	-	68,006
U.S. large cap	16,094	-	-	16,094
U.S. mid/small cap	5,505	-	-	5,505
Non U.S. equities	6,776	-	-	6,776
Fixed income securities	8,047	-	-	8,047
Cash	3,782	-	-	3,782
Alternative investments	-	-	22,667,146	22,667,146
TOTAL ASSETS AT FAIR VALUE	$ 8,326,140	$ 6,833,838	$ 22,667,146	$ 37,827,124

NOTE 11 – FAIR VALUE MEASUREMENTS (Continued)

	Level 1	Level 2	Level 3	Total 2010
LIABILITIES CARRIED AT FAIR VALUE:				
Mutual funds held in 457(b) pension plan:				
Common stock	$ 64,195	$ -	$ -	$ 64,195
Cash	1,666	-	-	1,666
TOTAL LIABILITIES AT FAIR VALUE	$ 65,861	$ -	$ -	$ 65,861

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:				
Money market funds	$ 3,750,660	$ -	$ -	$ 3,750,660
Equity securities:				
U.S. large cap	1,024,646	-	-	1,024,646
U.S. mid/small cap	211,148	-	-	211,148
Non U.S. equities	390,178	-	-	390,178
Fixed income securities:				
Mutual funds	3,265,455	-	-	3,265,455
Corporate bonds	-	6,156,863	-	6,156,863
Government and agency bonds	-	4,422,439	-	4,422,439
International bonds	-	114,465	-	114,465
Non U.S. global macro fund	-	100,000	-	100,000
Other	-	150,000	-	150,000
Mutual funds:				
Common stock	58,603	-	-	58,603
U.S. large cap	14,410	-	-	14,410
U.S. mid/small cap	1,911	-	-	1,911
Non U.S. equities	2,993	-	-	2,993
Fixed income securities	2,071,437	-	-	2,071,437
Cash	163,945	-	-	163,945
Alternative investments	-	-	14,316,530	14,316,530
TOTAL ASSETS AT FAIR VALUE	$ 10,955,386	$ 10,943,767	$ 14,316,530	$ 36,215,683
LIABILITIES CARRIED AT FAIR VALUE:				
Mutual funds held in 457(b) pension plan:				
Common stock	$ 56,637	$ -	$ -	$ 56,637
Cash	1,470	-	-	1,470
TOTAL LIABILITIES AT FAIR VALUE	$ 58,107	$ -	$ -	$ 58,107

Investments in cash, money market funds and equity securities 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. Fixed income securities 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.

NOTE 11 – FAIR VALUE MEASUREMENTS (Continued)

The reconciliation for the years ended December 31, 2010 and 2009 of the alternative investments measured at estimated fair value classified as Level 3 as follows:

	2010	2009
Balance at beginning of year	$ 14,316,530	$ -
Contributions	7,769,384	11,471,822
Redemptions	(1,050,000)	-
Income	1,631,232	2,844,708
Balance at end of year	$ 22,667,146	$ 14,316,530