RONALD MCDONALD HOUSE
OF NEW YORK, INC.

Keeping Families Close.

Financial Statements
(Together with Independent Auditors' Report)

Years Ended December 31, 2019 and 2018

MARKS PANETH

ACCOUNTANTS & ADVISORS

RONALD MCDONALD HOUSE OF NEW YORK, INC.

FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)

YEARS ENDED DECEMBER 31, 2019 AND 2018

CONTENTS

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MARKS PANETH
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, 2019 and 2018, 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, 2019 and 2018, 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 30, 2020

Morison KSi
Independent member

RONALD MCDONALD HOUSE OF NEW YORK, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
Cash and cash equivalents (Notes 2B and 11)	$ 4,476,140	$ 8,892,741
Contributions and pledges receivable, net (Notes 2F and 4)	1,664,823	2,053,010
Investments (Notes 2G, 2H, 5, 8 and 13)	90,828,916	79,170,617
Prepaid expenses and other receivables (Note 2F)	623,079	585,950
Restricted funds (Notes 5 and 13)	666,000	526,485
Property and equipment, net (Notes 2E, 6 and 7)	34,682,657	36,551,298
TOTAL ASSETS	$ 132,941,615	$ 127,780,101
LIABILITIES		
Accounts payable and accrued expenses (Note 8)	$ 2,012,803	$ 1,905,849
Refundable advances (Notes 2N and 2F)	791,417	345,794
Bonds payable (Note 7)	9,108,715	14,156,609
TOTAL LIABILITIES	11,912,935	16,408,252
COMMITMENTS AND CONTINGENCIES (Note 12)		
NET ASSETS (Note 2C)		
Without donor restrictions:		
Operations	91,110,764	84,384,865
Net investment in property and equipment	25,573,942	22,394,689
Designated for future use (Note 9)	1,639,256	1,639,256
Total net assets without donor restrictions	118,323,962	108,418,810
With donor restrictions (Notes 5 and 9)		
Restricted for purpose and time	1,600,803	1,849,124
Perpetual in nature	1,103,915	1,103,915
Total net assets with donor restrictions	2,704,718	2,953,039
TOTAL NET ASSETS	121,028,680	111,371,849
TOTAL LIABILITIES AND NET ASSETS	$ 132,941,615	$ 127,780,101

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

RONALD MCDONALD HOUSE OF NEW YORK, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	Year Ended December 31, 2019			Year Ended December 31, 2018		
	Without Donor Restriction	**With Donor Restricted**	**Total 2019**	**Without Donor Restriction**	**With Donor Restricted**	**Total 2018**
PUBLIC SUPPORT AND REVENUE:						
Public Support:						
Special events revenue (Note 2J)	$ 8,149,675	$ -	$ 8,149,675	$ 9,124,085	$ -	$ 9,124,085
Less: cost of direct benefit to donors	(1,109,855)	-	(1,109,855)	(1,260,030)	-	(1,260,030)
Special events, net	7,039,820	-	7,039,820	7,864,055	-	7,864,055
Bequests (Note 2F)	686,138	-	686,138	53,500	-	53,500
Direct mail contributions	2,335,559	-	2,335,559	2,501,540	-	2,501,540
Contributions (Notes 2F and 2L)	4,480,299	1,210,440	5,690,739	3,552,142	415,000	3,967,142
Total public support	14,541,816	1,210,440	15,752,256	13,971,237	415,000	14,386,237
Revenue:						
Room donation revenue (Note 2F)	608,489	-	608,489	568,272	-	568,272
Investment income (loss) (Note 5)	10,902,391	-	10,902,391	(3,473,342)	-	(3,473,342)
Other	46,083	-	46,083	540,643	-	540,643
Total revenue	11,556,963	-	11,556,963	(2,364,427)	-	(2,364,427)
Net assets released from restrictions (Note 9)	1,458,761	(1,458,761)	-	1,306,403	(1,306,403)	-
TOTAL PUBLIC SUPPORT AND REVENUE	27,557,540	(248,321)	27,309,219	12,913,213	(891,403)	12,021,810
EXPENSES:						
Program Services						
Room occupancy	8,700,225	-	8,700,225	8,826,337	-	8,826,337
Volunteer activities	616,357	-	616,357	576,247	-	576,247
Education and support	1,791,720	-	1,791,720	1,289,822	-	1,289,822
Outreach programs	429,028	-	429,028	321,157	-	321,157
Total program services	11,537,330	-	11,537,330	11,013,563	-	11,013,563
Supporting Services:						
Management and general	1,658,392	-	1,658,392	1,595,125	-	1,595,125
Fundraising	4,456,666	-	4,456,666	3,843,351	-	3,843,351
Total supporting services	6,115,058	-	6,115,058	5,438,476	-	5,438,476
TOTAL EXPENSES	17,652,388	-	17,652,388	16,452,039	-	16,452,039
CHANGE IN NET ASSETS BEFORE LOSS FROM DISPOSITION OF PROPERTY AND EQUIPMENT	9,905,152	(248,321)	9,656,831	(3,538,826)	(891,403)	(4,430,229)
Loss on disposition of property and equipment (Note 6)	-	-	-	(1,800,298)	-	(1,800,298)
CHANGE IN NET ASSETS	9,905,152	(248,321)	9,656,831	(5,339,124)	(891,403)	(6,230,527)
Net assets - beginning of year	108,418,810	2,953,039	111,371,849	113,757,934	3,844,442	117,602,376
NET ASSETS - END OF YEAR	$ 118,323,962	$ 2,704,718	$ 121,028,680	$ 108,418,810	$ 2,953,039	$ 111,371,849

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

RONALD MCDONALD HOUSE OF NEW YORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	For the Year Ended December 31, 2019								
	Program Services					Supporting Services			
	Room Occupancy	Volunteer Activities	Education & Support	Outreach Programs	Total Program	Management and General	Fundraising	Total 2019	Total 2018
Salaries	$ 2,737,772	$ 219,028	$ 506,380	$ 120,498	$ 3,583,678	$ 1,030,844	$ 1,112,060	$ 5,726,582	$ 5,225,303
Payroll taxes and employee benefits (Note 8)	868,735	62,146	164,899	38,057	1,133,837	326,148	351,844	1,811,829	1,503,290
Total Salaries and Related Costs	3,606,507	281,174	671,279	158,555	4,717,515	1,356,992	1,463,904	7,538,411	6,728,593
Occupancy	302,526	-	-	-	302,526	1,520	-	304,046	309,142
Special Projects	12,575	-	-	-	12,575	63	-	12,638	9,900
Repairs and maintenance (Note 2I)	486,960	-	-	-	486,960	2,447	-	489,407	532,256
Supplies (Note 2I)	271,341	211	250	-	271,802	36,662	6,842	315,306	327,963
Family activity expenses:									
Program entertainment and enrichment (Note 2I)	58,493	184,819	523,522	106,351	873,185	-	-	873,185	564,497
Trips, outings and parties	93,367	-	64,769	112,645	270,781	-	-	270,781	150,027
Education and counseling	93,553	-	14,410	-	107,963	-	-	107,963	13,410
Transportation and other	-	-	-	5,900	5,900	-	-	5,900	116,334
Family Room Construction Costs	-	-	-	26,200	26,200	-	-	26,200	-
Volunteer and staff recognition (Note 2I)	-	141,877	-	-	141,877	545	587	143,009	150,399
Staff development	24,722	4,245	-	-	28,967	7,111	7,672	43,750	70,008
Fundraising support activities (Note 2I)	-	-	-	-	-	-	355,388	355,388	363,363
Special events expense	-	-	-	-	-	-	1,878,698	1,878,698	1,853,120
Printing and publications	25,071	-	-	263	25,334	5,143	38,869	69,346	56,190
Professional fees (Note 2I)	234,139	-	200,135	12,290	446,564	166,070	341,801	954,435	613,855
Telephone	110,398	1,256	1,553	1,696	114,903	19,584	46,617	181,104	114,678
Insurance	215,776	-	-	-	215,776	1,084	-	216,860	215,385
Postage, messenger and other	12,387	627	-	-	13,014	3,743	4,232	20,989	17,167
Printing, postage and direct mail campaign expenses (Note 10)	-	-	314,892	-	314,892	-	1,229,254	1,544,146	1,565,412
Travel	9,286	949	910	328	11,473	5,160	3,687	20,320	14,764
Security	158,300	-	-	-	158,300	795	-	159,095	254,081
Miscellaneous (Note 2I)	127,292	1,199	-	-	128,491	3,552	184,239	316,282	342,442
Bad debt	-	-	-	-	-	26,500	-	26,500	-
Depreciation	2,466,275	-	-	4,800	2,471,075	19,455	4,731	2,495,261	2,908,429
Interest expense and related fees (Note 7)	391,257	-	-	-	391,257	1,966	-	393,223	420,654
Subtotal	8,700,225	616,357	1,791,720	429,028	11,537,330	1,658,392	5,566,521	18,762,243	17,712,069
Less: cost of direct benefit to donor	-	-	-	-	-	-	(1,109,855)	(1,109,855)	(1,260,030)
TOTAL EXPENSES	$ 8,700,225	$ 616,357	$ 1,791,720	$ 429,028	$ 11,537,330	$ 1,658,392	$ 4,456,666	$ 17,652,388	$ 16,452,039
TOTAL EXPENSES 2018	$ 8,826,337	$ 576,247	$ 1,289,822	$ 321,157	$ 11,013,563	$ 1,595,125	$ 3,843,351	$ 16,452,039	

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

RONALD MCDONALD HOUSE OF NEW YORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	For the Year Ended December 31, 2018							
	Program Services					Supporting Services		
	Room Occupancy	Volunteer Activities	Education & Support	Outreach Programs	Total Program	Management and General	Fundraising	Total 2018
Salaries	$ 2,484,347	$ 196,879	$ 498,848	$ 110,758	$ 3,290,832	$ 919,350	$ 1,015,121	$ 5,225,303
Payroll taxes and employee benefits (Note 8)	679,131	48,980	149,234	34,567	911,912	281,050	310,328	1,503,290
Total Salaries and Related Costs	3,163,478	245,859	648,082	145,325	4,202,744	1,200,400	1,325,449	6,728,593
Occupancy	307,596	-	-	-	307,596	1,546	-	309,142
Special Projects	9,850	-	-	-	9,850	50	-	9,900
Repairs and maintenance (Note 2I)	529,595	-	-	-	529,595	2,661	-	532,256
Supplies (Note 2I)	275,405	985	7,722	-	284,112	30,097	13,754	327,963
Family activity expenses:								
Program entertainment and enrichment (Note 2I)	154,274	68,495	221,893	119,835	564,497	-	-	564,497
Trips, outings and parties	-	101,423	13,743	34,861	150,027	-	-	150,027
Education and counseling	-	-	13,410	-	13,410	-	-	13,410
Transportation and other	33,699	-	68,663	13,972	116,334	-	-	116,334
Volunteer and staff recognition (Note 2I)	8,364	135,805	-	-	144,169	3,326	2,904	150,399
Staff development	33,723	17,924	3,027	-	54,674	7,686	7,648	70,008
Fundraising support activities (Note 2I)	-	-	-	-	-	-	363,363	363,363
Special events expense	-	-	-	-	-	-	1,853,120	1,853,120
Printing and publications	24,436	5	692	724	25,857	6,842	23,491	56,190
Professional fees (Note 2I)	269,672	-	1,454	-	271,126	282,930	59,799	613,855
Telephone	69,355	1,309	583	1,232	72,479	13,123	29,076	114,678
Insurance	214,308	-	-	-	214,308	1,077	-	215,385
Postage, messenger and other	9,830	249	131	-	10,210	3,290	3,667	17,167
Printing, postage and direct mail campaign expenses (Note 10)	-	-	308,417	-	308,417	-	1,256,995	1,565,412
Travel	4,288	2,198	1,935	322	8,743	5,369	652	14,764
Security	252,811	-	-	-	252,811	1,270	-	254,081
Miscellaneous (Note 2I)	182,433	1,995	70	86	184,584	4,261	153,597	342,442
Depreciation	2,864,669	-	-	4,800	2,869,469	29,094	9,866	2,908,429
Interest expense and related fees (Note 7)	418,551	-	-	-	418,551	2,103	-	420,654
Subtotal	8,826,337	576,247	1,289,822	321,157	11,013,563	1,595,125	5,103,381	17,712,069
Less: cost of direct benefit to donor	-	-	-	-	-	-	(1,260,030)	(1,260,030)
TOTAL EXPENSES	$ 8,826,337	$ 576,247	$ 1,289,822	$ 321,157	$ 11,013,563	$ 1,595,125	$ 3,843,351	$ 16,452,039

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

RONALD MCDONALD HOUSE OF NEW YORK, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 9,656,831	$ (6,230,527)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,473,712	2,908,429
Bad debt	26,500	-
Decrease in discount on pledges receivable	-	(25,502)
Deferred financing costs	-	-
Amortization of deferred financing costs	21,549	6,465
Unrealized loss/(gain) on investments	(9,949,584)	4,691,097
Realized gain on investment sales	(245,803)	(649,629)
Loss on write-off of property and equipment	-	1,800,298
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Prepaid expenses and other receivables	(37,129)	(22,151)
Contributions and pledges receivable	361,687	930,813
(Decrease) increase in liabilities:		
Accounts payable and accrued expenses	106,954	(1,736,591)
Refundable advances	445,623	35,315
Net Cash Provided by Operating Activities	2,860,340	1,708,017
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(605,071)	(401,925)
Proceeds from investment sales	5,082,375	555,594
Purchases of investments	(6,545,287)	(1,628,016)
Net Cash Used in Investing Activities	(2,067,983)	(1,474,347)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of bonds payable	(5,069,443)	(541,667)
Net Cash Used in Financing Activities	(5,069,443)	(541,667)
NET DECREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED FUNDS	(4,277,086)	(307,997)
Cash and cash equivalents and restricted funds - beginning of year	9,419,226	9,727,223
CASH AND CASH EQUIVALENTS AND RESTRICTED FUNDS - END OF YEAR	$ 5,142,140	$ 9,419,226
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	$ 393,223	$ 414,189
Reconciliation of cash and cash equivalents and restricted funds		
Cash and cash equivalents	$ 4,476,140	$ 8,892,741
Restricted funds	666,000	526,485
Total cash and cash equivalents and restricted funds	$ 5,142,140	$ 9,419,226

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

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Since 1978, Ronald McDonald House of New York, Inc. (the "Organization") has provided families with a supportive and caring environment consisting of comprehensive programs. The largest of the Organization's programs is to provide a low-cost temporary home (the "House") for families during their stay in New York. Following a two-year extensive renovation (the "Expansion Project"), the House currently has 95 guest rooms, including six post-transplant suites. The House has laundry facilities on each guest floor, five large kitchens, a communal dining room, the Macy's Living Room, a multi-faceted Playroom, and two outside terraces. Round trip transportation to and from hospital appointments and daily meals are also provided.

The Organization has developed a myriad of programs to meet the needs of our diverse guests. The programs include, but are not limited to education, playroom, arts and crafts activities, and wellness for the caregiver. Our education programs allow patients and siblings to receive one-on-one tutoring, while our English as a Second Language (ESL) program helps our international guests build their English skills. The AOL Media Room and dedicated libraries are perfect settings for these programs. Ongoing programs in the Playroom such as Weird Science, Hole in the Wall Gang Camp, Cooking Chronicles, Therapy Dog visits, and Teen Night allow all children/young adults in residence the opportunity to have a sense of normalcy and fun. Our Rockin the House Program currently with the New York Pops is held in the Music Room. The Blavatnik Family Foundation Wellness Center is a vital resource for our caregivers. Services provided in the Center are focused on mind, body and soul and help to assuage the daily pressures of hospital visits and heavy toll of caring for an ill child.

The Organization's Great Days Programs provide entire families incredible opportunities to spend time together and make lasting memories. As part of the Great Days Program, families take trips to private retreats, beach clubs, movie premieres, museum tours and so much more. These very special events allow patients, siblings, and caregivers to forget about illness and focus instead on having fun as a family.

The Organization's comprehensive Hospital Outreach Program serves children and families at four of our partnering hospitals throughout the year who are not residents of the House yet need support while undergoing treatment. The programs include Musical Magic, Breathe In Breathe Out, and special programing at New York City Health + Hospitals / Kings County. In 2014, the Happy Wheels Coffee Cart began at the Hospital for Special Surgery providing healthy snacks and refreshments for caregivers, siblings and patients in the inpatient pediatric unit and pediatric rehabilitation unit. Beginning in 2018, a second coffee cart was rolled out at New York - Presbyterian Weill Cornell Hospital, which serves the Neonatal Intensive Care Unit ("NICU"), Pediatric Intensive Care Unit ("PICU") and Pediatric and Stepdown Units. The Ronald McDonald Family Room located at New York City Health and Hospitals / Kings County Hospital provides a place of respite for caregivers/parents with children in the NICU, PICU, and Pediatric Units. Since opening in January 2017, the Family Room has served over 3,000 guests.

The Organization also provides services through our Family Support Department for all families staying at the House. This may include inpatient support for families when their children are admitted to a partner hospital or navigation services to help first-time families become acclimated to their environment in New York City.

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 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 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. The Organization maintains its net assets under the following classes:

- Without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

  During 2016, the Organization initiated a campaign to solicit commitments from the Board for the long-term viability and to further the mission of the Organization and for the Building Expansion Project to increase the facility from 84 rooms to 95 rooms. In 2019 and 2018, the Board appropriated approximately $73,000 and $154,000, respectively, for expenditure to complete the building Expansion Project which began in 2016.

- With donor restrictions – Net assets subject to donor-imposed stipulations, including stipulations that will be met either by actions of the Organization or the passage of time, stipulations that they be maintained in perpetuity by the Organization, and unappropriated endowment earnings.

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 $5,000 or higher and a useful life of at least one year.

In accordance with ASC 360-10, *Property, Plant and Equipment, Impairment or Disposal of Long-Lived Assets,* the Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. During the year ended December 31, 2018, certain component equipment of the Organization's heating system was written off. See Note 6. There were no impairments as of December 31, 2019.

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 discount factor used is computed based on risk adjusted interest rates for the expected term of the promises to give applicable in the years in which the promises are made by the donor, if material. Amortization of the discounts is included in contribution income.

As of December 31, 2019 and 2018, the Organization determined that an allowance for uncollectible contributions and pledges of $100,000 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, 2019, the Organization determined that $26,500 for contribution and pledges receivable were uncollectable and were written off to bad debt expense. There were no write offs to bad debt expense for the year ended December 31, 2018.

Room donation revenue and receivable (included with prepaid expenses and other receivables on the accompanying statements of financial position) are recorded when the families check in to stay at the Organization.

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

Conditional promises to give are not included as support until the conditions are substantially met. As of December 31, 2019, a conditional contribution has been received and included in refundable advances. See Note 2N.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Investments are carried at fair value. Investment income, including realized and unrealized gains and losses are recorded in the without donor restriction fund, unless there are restrictions that have been imposed by donors or other outside parties. Investment income on donor restricted endowments are recorded with donor restrictions 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 13.

I. The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Occupancy, depreciation and amortization are allocated on a square footage basis, Salaries and wages, benefits and payroll taxes are allocated on the basis of time and effort spent on various functions. All other expenses are directly charged by actual departmental use.

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. 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 the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

L. 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, 2019 and 2018, the Organization recorded contributed goods and services amounting to $984,990 and $598,567, 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, 2019 and 2018, a member of the Organization's Board of Directors was the CEO of a public relations firm that donated approximately $260,000 and $217,000, respectively of services to the Organization, which is shown below as contributed program entertainment and enrichment and professional fees. During 2019 and 2018, in-kind contributions and gifts in-kind included the following:

	2019	2018
Contributed program entertainment and enrichment	$ 522,395	$ 174,092
Contributed professional fees	260,451	217,196
Contributed repairs and maintenance	96,969	135,026
Contributed supplies	84,963	72,253
Contributed property and equipment	20,212	-
Total in-kind contributions	$ 984,990	$ 598,567

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 financial statements. The value of such contributed time amounted to $1,299,264 and $1,142,880, respectively, for the years ended December 31, 2019 and 2018.

M. 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. 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. Included in refundable advances as of December 31, 2019, is a conditional contribution of approximately $667,000.

O. Recent Accounting Pronouncements

FASB ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments*. The objective of the ASU is to provide information that is useful to creditors, donors, and other market participants in making rational investment, credit, and similar resource allocation decisions. The effect of applying ASU 2016-15, resulted in reclassifying the prior year change in restricted cash from investing activities and including restricted cash as part of the total cash balance on the statement of cash flows.

FASB ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958) was also adopted by the Organization for the year ended December 31, 2019. The core guidance is to assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a contribution is conditional. The adoption of ASU 2018-18 did not result in changes as the funding received from contributors are nonreciprocal transactions where the contributors did not receive direct benefit.

NOTE 3 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	$ 4,476,140
Current portion of contributions and pledges receivable	983,892
Investments	90,828,916
Total financial assets	96,288,948
Donor and other imposed restrictions:	
Subject to specified purpose or passage of time	(1,600,803)
Endowments perpetual in nature	(1,103,915)
Financial assets net of donor and other imposed restrictions	93,584,230
Internal designation:	
Board designated expansion fund	(1,641,674)
Financial assets available to meet cash needs for general expenditures within one year	$ 91,942,556

As part of the Organization's liquidity management plan, the Organization invests excess cash beyond expected operating needs in short-term investments, CDs, and money market funds. Occasionally, the Board designates a portion of any operating surplus to its Board operating reserve.

NOTE 4 – CONTRIBUTIONS AND PLEDGES RECEIVABLE

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

	2019	2018
Amounts due in less than one year	$ 983,892	$ 1,724,000
Amounts due from one to five years	780,931	429,010
	1,764,823	2,153,010
Allowance for uncollectible accounts	(100,000)	(100,000)
	$ 1,664,823	$ 2,053,010

NOTE 5 – INVESTMENTS

Investments consist of the following as of December 31:

		2019	2018	
Cash		$ 416,284	$ 5,238,002	
Money market funds		1,666,469	1,037,811	
Fixed income securities:				
Mutual funds		15,283,133	8,426,328	
Mutual funds:				
U.S. large cap		12,394,316	8,390,204	
U.S. mid/small cap		2,235,720	1,788,460	
Non U.S. equities		7,905,924	7,802,996	
	Subtotal	39,901,846	32,683,801	
Alternative investments:				
Hedge funds		3,651,743	4,936,284	A
Limited partnerships		44,115,512	39,433,212	B
Other investments		3,159,815	2,117,320	C
	Subtotal	50,927,070	46,486,816	
Total Investments		90,828,916	79,170,617	
Restricted funds:				
Mutual Funds		666,000	526,485	
Total Restricted Funds		666,000	526,485	
Total Investments and Restricted Funds		$ 91,494,916	$ 79,697,102	

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. There are no unfunded commitments.

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. There are no unfunded commitments.

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. There are no unfunded commitments.

The Board has adopted a total return spending plan strategy. Under this plan, a percentage distribution is based on a formulaic valuation of portfolio assets, recommended by the Committee and approved by the Board. The Portfolio investments are managed to produce a total return that, over a reasonable period of time, will exceed the sum of the percentage distribution plus inflation, management fees, and other expenses. The Committee considers both long term and short-term needs of the Organization in its investments.

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 statements of financial position and statements of activities.

NOTE 5 – INVESTMENTS (Continued)

Included in investments for the years ended December 31, 2019 and 2018, respectively were $9,138,889 and $14,208,333, held for bond repayment, $666,000 and $526,485, held for pension and deferred compensation plans and $1,103,915 permanently held for endowment as of December 31, 2019 and 2018.

Interest receivable of $30,993 and $12,844 as of December 31, 2019 and 2018 is for interest earned on investments, but not received, and is included in prepaid expenses and other receivables on the statements of financial position.

Investment return consisted of the following for the years ended December 31:

	2019	2018
Interest and dividends	$ 1,099,758	$ 743,412
Realized gain	245,803	649,629
Unrealized (loss) gain	9,949,584	(4,691,097)
Investment expenses	(392,754)	(175,286)
Total Investment Income (loss)	$ 10,902,391	$ (3,473,342)

The Organization incurred investment expenses of $392,754 and $175,286 during the years ended December 31, 2019 and 2018, respectively, which have been netted against investment return.

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31:

	2019	2018	Estimated Useful Lives
Land	$ 6,038,784	$ 6,038,784	
Building	48,183,575	48,160,075	30 years
Vehicle	167,218	167,218	3 years
Furniture, fixtures and equipment	17,035,137	16,453,566	3-10 years
Total cost	71,424,714	70,819,643	
Less: Accumulated depreciation	(36,742,057)	(34,268,345)	
Net book value	$ 34,682,657	$ 36,551,298	

Depreciation expense amounted to $2,473,712 and $2,908,429 for the years ended December 31, 2019 and 2018, respectively.

The Organization received donated furniture in the amount of $20,212 for the year ended December 31, 2019. There was no donated property and equipment received for the year ended December 31, 2018 (see Note 2L).

During the year ended December 31, 2018, the Organization disposed of certain property and equipment with a total cost of $2,483,170 and accumulated depreciation of $682,872 resulting in a loss of $1,800,298. There were no disposals of property and equipment during the year ended December 31, 2019.

NOTE 7 – BONDS PAYABLE

In 2016, the Organization determined it would finance a portion of its Expansion Project. On May 30, 2017, the Organization closed on Bond issuances (the “Bonds”) from JP Morgan Chase Bank, N.A. for $15,000,000 comprised of a $5,000,000 variable rate portion based on the London Inter-bank Offer Rate (“LIBOR”) plus 0.694% and a $10,000,000 2.9% fixed rate portion. At December 31, 2018, the variable interest rate portion was 2.979%. During the year ended December 31, 2019, the variable interest rate portion of the 2016 issuance was repaid and the remaining deferred financing costs of $15,084 were written off. The remaining Bond has a 10-year maturity, with interest and principal to be paid on a monthly basis, however, the Organization has the option to repay the Bond at any time. The current monthly principal payment is $27,778 with the unpaid balance due at maturity on May 30, 2027.

NOTE 7 – BOND PAYABLE (Continued)

As financial covenants to the Bonds issued, the Organization must maintain both a Debt Service Coverage ratio of at least 1:00 to 1:00 and Liquidity ratio of 2:00 to 1:00 over four consecutive quarterly periods. As of December 31, 2019 and 2018, such financial covenants were met.

The Bonds are collateralized by a pledge of the Organization's property and equipment and other assets, both now and for the life of the Bond, to secure the prompt payment and performance of the secured obligation.

Bonds payable are comprised of the following as of December 31:

	2019	2018
Bond financing	$ 9,138,890	$ 14,208,333
Less: Deferred Financing Costs	(30,175)	(51,724)
Bonds Payable	$ 9,108,715	$ 14,156,609

In connection with the Bonds payable, the Organization incurred financing costs in the amount of $64,654, which are amortized over the life of the Bonds. Interest expense, related fees and amortization expense amounted to $399,688 and $420,654 for the years ended December 31, 2019 and 2018, respectively. Deferred financing costs consist of the following as of December 31:

	2019	2018
Deferred financing costs	$ 51,724	$ 58,189
Less: Accumulated amortization	(21,549)	(6,465)
Deferred financing costs	$ 30,175	$ 51,724

The principal payments subsequent to December 31, 2019, on long-term debt for each of the next five years and thereafter are as follows:

2020	$ 501,000
2021	501,000
2022	501,000
2023	501,000
2024	501,000
Thereafter	6,633,890
	$ 9,138,890

Included in the amounts due after 2024 is a balloon payment of $10,000,000 that is due at maturity of the Bonds May 30, 2027. Interest expense for the years ended December 30, 2019 and 2018 amounted to $393,223 and $414,189, respectively.

NOTE 8 – PENSION AND 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 bi-weekly basis. The contribution for the years ended December 31, 2019 and 2018 for the 401(k) Plans was $406,834 and $284,953, 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 $122,803 and $129,139 at December 31, 2019 and 2018, respectively, are included in restricted funds and accrued expenses in the statements of financial position.

NOTE 8 – PENSION AND RETIREMENT PLANS (Continued)

In November 2011, the Organization instituted a Deferred Compensation Plan (the "Plan") under Section 457(b) of the Code covering key employees. The deferred compensation liabilities amounted to $543,197 and $397,346 as of December 31, 2019 and 2018, 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. As of December 31, 2019 and 2018, there were no employer contributions to the 403(b) plan, only employee salary deferrals are contributed on a bi-weekly basis.

NOTE 9 – NET ASSETS

Net assets with donor restrictions are available for the following as of December 31:

	2019	2018
Purpose restricted	$ 1,054,784	$ 66,254
Time restricted	546,019	1,782,870
Total Net Assets with donor restrictions:	$ 1,600,803	$ 1,849,124

For the years ended December 31, 2019 and 2018, net assets with donor restrictions in the amount of $1,458,761 and $1,306,403, respectively, were released by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors.

The Organization has net assets of $1,103,915 originating in 1994 as two gifts of donated securities with donor stipulation that the value of the gifts be maintained intact in perpetuity. All income from these securities are restricted until appropriated for spending by the Board. Income is restricted for the purchase of supplies and gifts for children served by the Organization.

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 endowment fund's fair value (averaged over a period of not less than the preceding five years) in any year.

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 without donor restriction. 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 funds restricted in perpetuity shall be appropriated for expenditure up to 7%, as deemed prudent at the time. Any unappropriated earnings that would otherwise be considered without donor restriction will be reflected as with donor restriction until appropriated.

NOTE 9 – NET ASSETS (Continued)

Changes in endowment net assets for the year ended December 31, 2019 are as follows:

	Without Donor Restrictions (Board Designated)	With Donor Restrictions	Total Endowments
Investment activity:			
Interest and dividends	$ 2,418	$ 27,903	$ 30,321
Unrealized loss on investments	-	45,175	45,175
Total investment activity	2,418	73,078	75,496
Amount appropriated for expenditure	-	(73,078)	(73,078)
Endowment net assets, beginning of year	1,639,256	1,103,915	2,743,171
Endowment net assets, end of year	$ 1,641,674	$ 1,103,915	$ 2,745,587

Changes in endowment net assets for the year ended December 31, 2018 are as follows:

	Without Donor Restrictions (Board Designated)	With Donor Restrictions	Total Endowments
Investment activity:			
Interest and dividends	$ 794	$ 26,550	$ 27,344
Unrealized gain on investments	-	(21,076)	(21,076)
Total investment activity	794	5,474	6,268
Amount appropriated for expenditure	(154,086)	(5,474)	(159,560)
Endowment net assets, beginning of year	1,792,548	1,103,915	2,896,463
Endowment net assets, end of year	$ 1,639,256	$ 1,103,915	$ 2,743,171

For the years ended December 31, 2019 and 2018, endowment net assets of $2,745,587 and $2,743,171, respectively, are included with investments in the accompanying statements of financial position. The transfer in endowment net assets without donor restrictions for the year ended December 31, 2018 was used to pay for the building Expansion Project which was finalized in September 2017. There were no transfers for the year ended December 31, 2019.

NOTE 10 – ALLOCATION OF JOINT COSTS

The Organization conducted direct mail campaigns that included requests for contributions as well as program components. During the years ended December 31, 2019 and 2018, the Organization incurred joint costs of $1,111,384 and $1,088,657, respectively, for informational materials and activities that were included in fundraising appeals. During the year ended December 31, 2019, $314,892 was allocated to program expenses and $796,492 was allocated to fundraising. During the year ended December 31, 2018, $308,417 was allocated to program expenses and $780,240 was allocated to fundraising.

NOTE 11 – 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. As of December 31, 2019 and 2018, there was approximately $3,300,000 and $6,900,000, 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, 2019 and 2018, there was approximately $300,000 and $529,000 respectively, of cash and cash equivalents held by banks that exceeded the amount covered by the SIPC limits.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. *Lease Commitments*

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. At the end of the lease term, the equipment continues to be leased on a month-to-month basis with a portion of the payment reducing the buy-out price of the equipment.

B. *Investment Commitments*

The Organization has a $500,000 commitment to OCA BREDSIV LLC and a $245,000 commitment to Golub Capital 12 which have not yet begun to call capital.

C. *Uncertain Tax Positions*

The Organization believes it had no uncertain tax positions as of December 31, 2019 and 2018 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.

NOTE 13 – 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, 2019 and 2018, no such transfers between fair value levels occurred.

Certain of the Organization's investments are classified as alternative investments and are recorded at fair value, based on the applicable percentage ownership of the net assets as of the measurement date, as reported by the investment managers, in an amount equal to the NAV of shares held by the Organization at year-end. The NAV as provided by the investment managers are used as the practical expedient to estimate the fair value of the underlying investments. As of December 31, 2019 and 2018, the Organization had no unfunded commitments to invest in these alternative investment funds. Redemptions at NAV, of shares in these investments range from immediate to quarterly, generally with forty-five to ninety days' notice. The alternative investment's strategies are described in Note 5.

NOTE 13 – FAIR VALUE MEASUREMENTS (Continued)

Financial assets and liabilities carried at fair value at December 31, 2019, are classified in the table as follows:

	Level 1	Level 2	Total 2019
INVESTMENTS AT FAIR VALUE:			
Level 1 and 2 Investments:			
Money market funds	$ 1,666,469	$ -	$ 1,666,469
Fixed income securities:			
Mutual funds	15,283,133	-	15,283,133
Mutual funds:			
U.S. large cap	12,394,316	-	12,394,316
U.S. mid cap/small cap	2,235,720	-	2,235,720
Non U.S. equities	7,905,924	-	7,905,924
Alternative investments:			
Hedge Funds	-	1,247,992	1,247,992
	39,485,562	1,247,992	40,733,554
Alternative investments using NAV as a practical expedient:			
Limited Partnerships	-	-	44,115,512
Hedge Funds	-	-	2,403,751
Other Investments	-	-	3,159,815
TOTAL INVESTMENTS AT FAIR VALUE	$ 39,485,562	$ 1,247,992	$ 90,412,632

NOTE 13 – FAIR VALUE MEASUREMENTS (Continued)

Financial assets and liabilities carried at fair value at December 31, 2018, are classified in the table as follows:

	Level 1	Level 2	Total 2018
INVESTMENTS AT FAIR VALUE:			
Level 1 and 2 Investments:			
Money market funds	$ 1,037,811	$ -	$ 1,037,811
Fixed income securities:			
Mutual funds	8,426,328	-	8,426,328
Mutual funds:			
U.S. large cap	8,390,204	-	8,390,204
U.S. mid cap/small cap	1,788,460	-	1,788,460
Non U.S. equities	7,802,996	-	7,802,996
Alternative investments:			
Hedge Funds	-	2,611,724	2,611,724
	27,445,799	2,611,724	30,057,523
Alternative investments using NAV as a practical expedient:			
Limited Partnerships	-	-	39,433,212
Hedge Funds	-	-	2,324,560
Other Investments	-	-	2,117,320
TOTAL INVESTMENTS AT FAIR VALUE	$ 27,445,799	$ 2,611,724	$ 73,932,615

Excluded from the fair value measurements above is cash totaling $416,284 and $5,238,002 as of December 31, 2019 and 2018, respectively, which is included in investments on the accompanying statements of financial position. (See Note 5).

In addition, restricted cash and mutual funds which are classified as Level 1, amounting to $666,000 and $526,045 as of December 31, 2019 and 2018, respectively, are included in restricted funds on the accompanying statements of financial position. (See Note 5).

Investments in money market funds, fixed income 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. Hedge funds and other alternative investments are designated using net asset value as a practical expedient 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 14 – SUBSEQUENT EVENTS

Management has evaluated events subsequent to the date of the statement of financial position through April 30, 2020, the date the financial statements were available to be issued.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic, which continues to spread throughout the United States. The Organization could be materially and adversely affected by the risks, or the public perception of the risks, related to an epidemic, pandemic, outbreak, or other public health crisis, such as the recent outbreak of COVID-19. The ultimate extent of the impact of any epidemic, pandemic or other health crisis on the Organization's mission, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted as of the date of the statement of financial position, including new information that may emerge concerning the severity of such epidemic, pandemic or other health crisis and actions taken to contain or prevent their further spread, among others. Accordingly, the Organization cannot predict the extent to which its financial condition and results of operations will be affected. As of April 30, 2020, the Organization's investments have declined by 12.5%.

NOTE 14 – SUBSEQUENT EVENTS (Continued)

On March 27, 2020, in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Stability Act ("CARES Act"). Among many other provisions, to help businesses retain employees, the CARES Act provides relief to qualifying businesses through a program called the Paycheck Protection Program ("PPP"). Participating in the PPP enables the business to obtain a loan from the Small Business Administration sector of the government. The maximum loan amount is equal to the lesser of (a) 2.5 times the entity's average monthly payroll costs, as defined and incurred during the one-year period before the date on which the loan is made; or (b) $10 million. The term of the loan is two years and bears interest at a fixed rate of 1% per annum. If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven, based on how much is spent in the eight week period immediately following funding of the loan times a forgiveness factor that is based on employee headcount and amounts paid to the Company's employees. The Organization applied for this loan through an SBA authorized lender. As of the date of this report, the loan has been approved in the amount of $1,104,810 and has been received by the Organization.