

Ronald McDonald House®
...of Long Island



***FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT***

FOR THE YEAR ENDED DECEMBER 31, 2008



CERINI
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CERTIFIED PUBLIC ACCOUNTANTS

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THE RONALD MCDONALD HOUSE OF LONG ISLAND, INC.

***FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2008
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Ronald McDonald House of Long Island, Inc.
267-07 76th Avenue
New Hyde Park, NY 11042



We have audited the accompanying statement of financial position of The Ronald McDonald House of Long Island, Inc. (a not-for-profit corporation, (the "House") as of December 31, 2008 and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the House's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 audit provides 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 House as of December 31, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Cerini & Associates LLP

March 20, 2009
Bohemia, New York

THE RONALD MCDONALD HOUSE OF LONG ISLAND, INC.

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2008**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
ASSETS				
Current Assets:				
Cash and cash equivalents (Notes 8 and 9).....	\$ 1,264,035	-	\$ -	\$ 1,264,035
Pledges receivables (Note 4).....	-	99,673	-	99,673
Investments (Notes 2, 7, and 9).....	1,427,035	-	-	1,427,035
Prepaid expenses and other assets.....	16,003	-	-	16,003
TOTAL CURRENT ASSETS	2,707,073	99,673	-	2,806,746
Property and equipment, net of accumulated depreciation (Note 3).....	5,529,508	-	-	5,529,508
Restricted investments (Notes 2, 7, and 9).....	-	-	500,000	500,000
TOTAL ASSETS	\$ 8,236,581	\$ 99,673	\$ 500,000	\$ 8,836,254
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable and accrued expenses.....	\$ 23,539	-	-	\$ 23,539
TOTAL LIABILITIES	23,539	-	-	23,539
Commitments and contingencies (Notes 5, 6, 7, and 9)				
Net Assets:				
Unrestricted:				
Board designated for property and equipment.....	5,529,508	-	-	5,529,508
Undesignated.....	2,683,534	-	-	2,683,534
Temporarily restricted (Note 4).....	-	99,673	-	99,673
Permanently restricted (Note 7).....	-	-	500,000	500,000
TOTAL NET ASSETS	8,213,042	99,673	500,000	8,812,715
TOTAL LIABILITIES AND NET ASSETS	\$ 8,236,581	\$ 99,673	\$ 500,000	\$ 8,836,254

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

THE RONALD MCDONALD HOUSE OF LONG ISLAND, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE:				
<u>Support:</u>				
Contributions.....	\$ 807,790	-	-	\$ 807,790
Legislative grants.....	-	255,244	-	255,244
Fund raising income, net of direct benefits to donors of \$180,825.....	593,034	-	-	593,034
Donated supplies and services (Note 6).....	<u>175,411</u>	-	-	<u>175,411</u>
TOTAL SUPPORT	1,576,235	255,244	-	1,831,479
<u>Revenue:</u>				
Room fees, net of discounts.....	136,492	-	-	136,492
Net investment loss (Notes 2 and 7).....	(345,438)	-	-	(345,438)
Miscellaneous income, net.....	(1,750)	-	-	(1,750)
Net assets released from restrictions.....	<u>257,319</u>	<u>(257,319)</u>	-	-
TOTAL REVENUE	46,623	(257,319)	-	(210,696)
TOTAL SUPPORT AND REVENUE	1,622,858	(2,075)	-	1,620,783
EXPENSES:				
Program services.....	1,280,635	-	-	1,280,635
General and administrative.....	231,867	-	-	231,867
Fund raising.....	<u>352,887</u>	-	-	<u>352,887</u>
TOTAL EXPENSES	1,865,389	-	-	1,865,389
CHANGE IN NET ASSETS	(242,531)	(2,075)	-	(244,606)
Net assets, beginning of year, as restated (Note 8)	<u>8,455,573</u>	<u>101,748</u>	<u>500,000</u>	<u>9,057,321</u>
Net assets, end of year.....	<u>\$ 8,213,042</u>	<u>\$ 99,673</u>	<u>\$ 500,000</u>	<u>\$ 8,812,715</u>

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

THE RONALD MCDONALD HOUSE OF LONG ISLAND, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Program Services	General and Administrative	Fund Raising	Total
Employee salaries.....	\$ 362,229	\$ 105,664	\$ 186,693	\$ 654,586
Payroll taxes and employee benefits (Note 5).....	61,428	35,286	21,209	117,923
Total salaries and related costs.....	<u>423,657</u>	<u>140,950</u>	<u>207,902</u>	<u>772,509</u>
In-house events.....	1,577	-	-	1,577
Maintenance and repairs.....	70,439	599	534	71,572
Newsletter and printing.....	23,343	2,923	40,108	66,374
Depreciation expense (Note 3).....	415,845	4,829	4,829	425,503
Professional fees.....	-	55,854	-	55,854
Board meetings and seminars.....	3,420	3,454	5,095	11,969
Insurance.....	31,594	367	367	32,328
Telephone.....	4,931	4,663	4,899	14,493
Travel.....	7,749	531	4,121	12,401
Utilities.....	99,110	1,151	1,151	101,412
Supplies.....	81,403	1,610	2,387	85,400
Donated rent (Note 6).....	68,410	795	795	70,000
Security.....	29,092	338	338	29,768
Donor and volunteer recognition.....	-	-	14,065	14,065
Computer support.....	7,432	5,132	11,647	24,211
Postage and delivery.....	2,278	2,783	3,352	8,413
Direct fundraising.....	-	-	9,987	9,987
Advertising.....	-	-	34,869	34,869
Dues and subscriptions.....	1,801	267	1,000	3,068
Miscellaneous.....	4,227	591	5,391	10,209
Bank charges.....	-	4,678	-	4,678
Taxes and licenses.....	-	302	-	302
Equipment lease.....	4,327	50	50	4,427
Total expenses	<u>\$ 1,280,635</u>	<u>\$ 231,867</u>	<u>\$ 352,887</u>	<u>\$ 1,865,389</u>

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

THE RONALD MCDONALD HOUSE OF LONG ISLAND, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets..... \$ (244,606)

Adjustments to reconcile change in net assets to net cash provided by operating activities:

Depreciation expense..... 425,503

Unrealized/realized investment loss..... 401,774

Changes in operating assets and liabilities:

Receivables..... 102,075

Prepaid expenses and other assets..... (4,316)

Accounts payable and accrued expenses..... (4,107)

NET CASH PROVIDED BY OPERATING ACTIVITIES 676,323

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from investment sales..... 128,625

Purchases of fixed assets..... (401,094)

Purchase of investments..... (692,342)

NET CASH USED IN INVESTING ACTIVITIES (964,811)

Net change in cash and cash equivalents..... (288,488)

Cash and cash equivalents, beginning of year, as restated (Note 8)..... 1,552,523

Cash and cash equivalents, end of year..... \$ 1,264,035

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

THE RONALD MCDONALD HOUSE OF LONG ISLAND, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Ronald McDonald House of Long Island, Inc. (the "House") is presented to assist in understanding the House's financial statements. These financial statements and notes are representations of the House's management, who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of Operations:

The Ronald McDonald House of Long Island is a "home-away-from home" for families of seriously ill children who are receiving medical care at local hospitals. Families are provided comfortable accommodations, kitchen and laundry facilities and the support of others who share the terrible burden of having a very sick child. Since 1986 thousands of families from neighboring communities and other countries have been served. Other program services include respite facilities for families who choose to sleep at the child's bedside but need a shower, a nap, and time away from the hospital. The House is outfitted with two rooms for this use to serve families daily. When the house is fully occupied, families who stay at local hotels are welcome to the house to spend their days, enjoy their meals, and relax with other families at the house.

Income Tax Status:

The House is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. In addition, the House qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Basis of Accounting:

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation:

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards ("SFAS") No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the House is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by action of the House and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

THE RONALD MCDONALD HOUSE OF LONG ISLAND, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that must be maintained permanently by the House. Generally, the donors of these assets would permit the House to use all or part of the income earned on any related investments for general or specific purposes.

Property and Equipment:

Property and equipment are stated at original cost or estimated fair market value if donated. Such donations are reported as unrestricted support unless the donor has restricted the donated assets for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

The House capitalizes all assets considered to have a useful life of three years or more and with a cost of \$1,000 or greater. Maintenance and repairs are charged to expense and betterments are capitalized. Depreciation and amortization are computed using the straight-line method over the assets' estimated useful lives as follows:

Building.....	30 years
Leasehold improvements	10 years
Furniture and fixtures.....	10 years
Vehicles	7 years
Computers and equipment	5 years
Closing costs.....	5 years

A half-year of depreciation is generally provided in the years of acquisition and disposal.

Revenue Recognition:

The House recognizes revenue from foundations and corporate grants in the period these grants are pledged. Legislative grants are recognized when the House is notified that such grants have been earmarked for the House. All other contributions, including in-kind contributions, are recognized as revenue upon the receipt of cash.

The House charges room fees of \$25 per night, approximately 25% of the actual costs incurred by the House to provide such rooms. Room fees are recognized as revenue at the time qualified families stay at the House, and are recognized net of discounts and courtesy stays of approximately \$104,000.

Cash and Cash Equivalents:

For purposes of the Statement of Cash Flows, the House considers all highly liquid financial instruments with a maturity of three months or less, including money market accounts, to be cash equivalents.

THE RONALD MCDONALD HOUSE OF LONG ISLAND, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments: The House has adopted SFAS No. 157, "Disclosures about Fair Value of Financial Instruments". Under SFAS No. 157, fair value refers to the price that would be received to sell an asset in an orderly transaction between participants in the market in which the reporting entity transacts. Unrealized gains and losses are included in change in net assets.

Pledges Receivable:

Unconditional pledges receivable are recognized as support in the period pledged. Conditional promises receivable are recognized when the conditions on which they depend are substantially met.

Use of Estimates:

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

Contributions:

Contributions are recognized when the donor makes a promise to give to the House that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Functional Expenses:

Functional expenses for shared costs have been allocated between program services and support services based on an analysis of personnel time, space utilized, and other equitable bases for the related activities. These expenses have been summarized on the statement of activities.

Donated Services:

The House benefits from volunteer services in program, fundraising, and administrative duties from Board members and other volunteers. Even though these donated services are valuable to the House, and help to advance the House's mission, no amounts have been reflected in the financial statements for contributed services inasmuch as such services do not meet the criteria for recognition in the financial statements under SFAS No. 116, nor do they create or enhance nonfinancial assets.

THE RONALD MCDONALD HOUSE OF LONG ISLAND, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

NOTE 2 - INVESTMENTS

Investments in marketable securities consist of the following at December 31, 2008:

	Fair Value	Cost
Unrestricted mutual funds.....	\$1,427,035	\$ 1,569,960
Restricted mutual funds.....	500,000	500,000
Total investments.....	<u>\$1,927,035</u>	<u>\$ 2,069,960</u>

The fair value of marketable securities is based on quoted market prices as of December 31, 2008. The House's investments do not have a significant concentration of credit or market risk within any industry, specific institution, or group of investments.

Since all of the mutual funds invested in by the House, are regularly traded and have quoted prices in active markets, they are all considered level I investments for fair value reporting under SFAS 157.

The following schedule summarizes the investment return included in the statements of activities for the year ended December 31, 2008.

Dividends and interest.....	\$ 56,336
Net realized and unrealized loss on investments.....	(401,774)
Total investment loss.....	<u>\$ (345,438)</u>

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2008:

Building.....	\$ 2,675,794
Leasehold improvements.....	7,304,790
Furniture and fixtures.....	494,442
Vehicles.....	50,691
Computers and equipment.....	151,859
Closing costs.....	22,785
	10,700,361
Less: accumulated depreciation.....	(5,170,853)
Net property and equipment.....	<u>\$ 5,529,508</u>

Depreciation expense for the year ended December 31, 2008 totaled \$425,504.

THE RONALD MCDONALD HOUSE OF LONG ISLAND, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

NOTE 4 - PLEDGES RECEIVABLE

At December 31, 2008 the House had outstanding pledges receivable scheduled for payment as follows:

2009.....	\$ 89,993
2010.....	<u>9,680</u>
Total pledges receivable.....	<u>\$ 99,673</u>

The House's management considers all receivables fully collectible. As such, no allowance for doubtful receivables has been established.

NOTE 5 - EMPLOYEE BENEFIT PLANS

The House sponsors a simplified employee pension ("SEP") qualified by the Internal Revenue Code, which covers substantially all full time employees of the House that worked during the year. The House can contribute up to 5% of total employee compensation for the year, at the discretion of the House's Board of Directors. During 2008 the House contributed \$22,452 to the SEP plan.

NOTE 6 - DONATED USE OF LAND

The land in New Hyde Park upon which the House is situated is leased from Long Island Jewish Medical Center. The lease requires a nominal charge for the use of the land and, therefore, is essentially donated by the hospital. The estimated fair market value of the land is \$70,000 per annum.

NOTE 7 - PERMANENTLY RESTRICTED ASSETS

Before Raymond Albert Kroc, owner of McDonald's, passed away in 1984, he set aside money for all of the Ronald McDonald Houses in the United States. The House opened in 1986 and was the 100th House in the Ronald McDonald House Corporate system. His estate donated \$500,000 to the House, and is permanently restricted. The House is required to segregate the donation in a separate investment account, and only the related investment income can be used for operations.

NOTE 8 - PRIOR PERIOD ADJUSTMENTS

The House's financial statements as of December 31, 2007, contained the following errors: (1) an understatement of accounts receivable by \$100,000, and (2) an overstatement of cash by \$58,740. Net assets as of December 31, 2007, has been reduced by \$41,260 to correct the aggregate effect of these errors.

THE RONALD MCDONALD HOUSE OF LONG ISLAND, INC.

*NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008*

NOTE 9 - CONCENTRATIONS OF RISK

The House maintains certain investments in a financial institution that is insured by the Securities Investor Protection Corporation ("SIPC"). As of December 31, 2008, the amounts in excess of the SIPC limits were approximately \$639,000.

From time to time The House has cash on deposit with financial institutions that are in excess of FDIC limits. At December 31, 2008, this amount was approximately \$704,000.