

RONALD MCDONALD HOUSE CHARITIES ALBERTA SOCIETY

Financial Statements

Year Ended December 31, 2023

RONALD MCDONALD HOUSE CHARITIES ALBERTA SOCIETY

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Year Ended December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of Ronald McDonald House Charities Alberta Society

Opinion

We have audited the financial statements of Ronald McDonald House Charities Alberta Society (the Organization), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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Independent Auditor's Report to the To the Members of Ronald McDonald House Charities Alberta Society
(continued)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

King + Company

Edmonton, AB
April 26, 2024

CHARTERED PROFESSIONAL ACCOUNTANTS

RONALD MCDONALD HOUSE CHARITIES ALBERTA SOCIETY

Statement of Financial Position

As at December 31

	2023	2022
ASSETS		
CURRENT		
Cash (Note 3)	\$ 5,666,415	\$ 3,415,903
Accounts receivable (Note 9)	1,010,710	719,787
Prepaid expenses	105,827	112,103
Short-term investments (Note 4)	14,222,782	4,772,957
	<u>21,005,734</u>	9,020,750
LONG-TERM INVESTMENTS (Note 4)	3,827,779	17,878,000
INVESTMENT IN PROPERTY (Note 4)	-	1,275,000
LONG-TERM PREPAID LEASE (Note 5)	455,789	461,468
CAPITAL ASSETS (Note 6)	33,739,165	25,543,517
	<u>\$ 59,028,467</u>	<u>\$ 54,178,735</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 1,287,534	\$ 572,041
DEFERRED CONTRIBUTIONS (Note 7)	1,661,417	1,870,562
	<u>2,948,951</u>	2,442,603
FUND BALANCES		
General fund (Note 8)	27,208,020	23,895,381
Capital asset fund (Note 8)	28,871,496	27,840,751
	<u>56,079,516</u>	51,736,132
	<u>\$ 59,028,467</u>	<u>\$ 54,178,735</u>

ON BEHALF OF THE BOARD



Director



Director

See accompanying notes to financial statements

RONALD MCDONALD HOUSE CHARITIES ALBERTA SOCIETY

Statement of Operations

Year Ended December 31

	General fund 2023	General fund 2022	Capital asset fund 2023	Capital asset fund 2022	Total 2023	Total 2022
REVENUE						
Contributions and donations	\$ 8,664,811	\$ 7,618,081	\$ 2,374,521	\$ 596,130	\$ 11,039,332	\$ 8,214,211
RMH room fees	299,837	355,909	-	-	299,837	355,909
Other	128,488	17,808	-	-	128,488	17,808
	<u>9,093,136</u>	<u>7,991,798</u>	<u>2,374,521</u>	<u>596,130</u>	<u>11,467,657</u>	<u>8,587,928</u>
EXPENSES						
Program	4,143,210	4,214,172	-	-	4,143,210	4,214,172
Fundraising (Note 11)	2,075,785	1,760,151	601,467	163,757	2,677,252	1,923,908
Management and general	963,664	1,015,028	-	-	963,664	1,015,028
Amortization of capital assets and land lease	-	-	742,309	761,553	742,309	761,553
	<u>7,182,659</u>	<u>6,989,351</u>	<u>1,343,776</u>	<u>925,310</u>	<u>8,526,435</u>	<u>7,914,661</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER REVENUE (EXPENSES)						
	<u>1,910,477</u>	<u>1,002,447</u>	<u>1,030,745</u>	<u>(329,180)</u>	<u>2,941,222</u>	<u>673,267</u>
OTHER REVENUE (EXPENSES)						
Investment income (loss) (Note 4)	1,402,162	(2,153,448)	-	-	1,402,162	(2,153,448)
Donated goods and services (Note 10)	1,099,159	1,034,093	-	-	1,099,159	1,034,093
Write-down of investment in property	-	-	-	(271,991)	-	(271,991)
Donated goods and services (Note 10)	(1,099,159)	(1,034,093)	-	-	(1,099,159)	(1,034,093)
	<u>1,402,162</u>	<u>(2,153,448)</u>	<u>-</u>	<u>(271,991)</u>	<u>1,402,162</u>	<u>(2,425,439)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES						
	<u>\$ 3,312,639</u>	<u>\$ (1,151,001)</u>	<u>\$ 1,030,745</u>	<u>\$ (601,171)</u>	<u>\$ 4,343,384</u>	<u>\$ (1,752,172)</u>

See accompanying notes to financial statements

RONALD MCDONALD HOUSE CHARITIES ALBERTA SOCIETY

Statement of Changes in Fund Balances

Year Ended December 31

	General fund	Capital asset fund	2023	2022
FUND BALANCES -				
BEGINNING OF YEAR	\$ 23,895,381	\$ 27,840,751	\$ 51,736,132	\$ 53,488,304
Excess (deficiency) of revenue over expenses	3,312,639	1,030,745	4,343,384	(1,752,172)
FUND BALANCES - END OF YEAR	<u>\$ 27,208,020</u>	<u>\$ 28,871,496</u>	<u>\$ 56,079,516</u>	<u>\$ 51,736,132</u>

See accompanying notes to financial statements

RONALD MCDONALD HOUSE CHARITIES ALBERTA SOCIETY**Statement of Cash Flows****Year Ended December 31**

	2023	2022
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 4,343,384	\$ (1,752,172)
Items not affecting cash:		
Amortization of capital assets	736,630	755,874
Amortization of land lease	5,679	5,679
Write-down of investment in property	-	271,991
Unrealized (gain) loss on investments	(1,956,717)	3,012,871
Contributed investments	(85,599)	(22,562)
	<u>3,043,377</u>	<u>2,271,681</u>
Changes in non-cash working capital:		
Amounts receivable	(290,924)	(58,839)
Prepaid expenses	6,276	(27,698)
Accounts payable and accrued liabilities	715,496	372,986
Deferred contributions	(209,145)	(204,928)
	<u>221,703</u>	<u>81,521</u>
Cash flow from operating activities	<u>3,265,080</u>	<u>2,353,202</u>
INVESTING ACTIVITIES		
Proceeds on disposal (purchases) of investments, net	7,917,711	(834,454)
Purchase of capital assets	(8,932,279)	(1,663,175)
Cash flow used by investing activities	<u>(1,014,568)</u>	<u>(2,497,629)</u>
FINANCING ACTIVITY		
Repayment of long-term debt	-	(36,766)
INCREASE (DECREASE) IN CASH	2,250,512	(181,193)
CASH - BEGINNING OF YEAR	3,415,903	3,597,096
CASH - END OF YEAR	<u>\$ 5,666,415</u>	<u>\$ 3,415,903</u>

See accompanying notes to financial statements

RONALD MCDONALD HOUSE CHARITIES ALBERTA SOCIETY

Notes to Financial Statements

Year Ended December 31, 2023

1. NATURE OF OPERATIONS

Ronald McDonald House Charities Alberta (RMHC Alberta) is a not-for-profit charitable organization focused on accommodation, programming, and services supporting families needing to travel for pediatric care. RMHC Alberta provides access to vital medical care for families who would otherwise be burdened with significant financial, geographical, social, and emotional stress during their serious medical experience.

Almost 70% of Canadian families live outside of a community with a children's hospital, meaning they will need to travel to access medical care. RMHC Alberta currently saves families millions of dollars each year on accommodation, transportation, meals, laundry, parking, and more.

RMHC Alberta directly contributes to the health and well-being of the entire family when a child is sick.

RMHC Alberta is a registered Canadian charitable organization under the Income Tax Act of Canada and accordingly, is exempt from taxes. RMHC Alberta became a provincial charity in October 2018 through the amalgamation of Ronald McDonald House Charities Northern Alberta and Ronald McDonald House Charities Southern & Central Alberta under the Societies Act of Alberta. The organization(s) have been operating a Ronald McDonald House(s) since 1985.

Ronald McDonald House Charities Alberta

RMHC Alberta operates a Ronald McDonald House in Edmonton, Calgary, Red Deer and Medicine Hat. The accommodation provided to families travelling for pediatric care is the mostly recognizable element of the services delivered to families with sick children. At a Ronald McDonald House in Alberta, families are provided with meals, snacks, transportation to and from the hospital, recreation programming, self-care services, pet therapy and more to better support the multi faceted ways a family is impacted by the serious illness or injury of a child. Parents and caregivers are better able to support their sick child because their burdens have been eased. A Ronald McDonald House is an essential part of family-centered care.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Fund accounting

To ensure observance of limitations and restrictions placed on the use of the resources available to the Organization, the accounts are maintained in accordance with the principles of fund accounting. Under these principles, the accounts of the Organization have been classified into the following funds:

The general fund reports unrestricted resources available for general operating activities.

The capital asset fund reports resources that are restricted to the Organization's capital asset purchases, replacements or maintenance initiatives.

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RONALD MCDONALD HOUSE CHARITIES ALBERTA SOCIETY

Notes to Financial Statements

Year Ended December 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Ronald McDonald House Charities Alberta Society follows the restricted fund method of accounting for contributions.

Contributions are recorded in the appropriate funds when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. Externally restricted contributions for use towards capital asset initiatives are recognized as revenue of the capital asset fund when initially recognized in the accounts. All other externally restricted contributions for which no appropriate fund exists are recognized in the general fund as deferred contributions and recognized as revenue when the associated expenditures are incurred.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from fundraising is recognized as revenue in the corresponding fund as appropriate in the year received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.

Investment income consists of interest, dividends, income distributions from pooled funds, realized gains and losses, and unrealized gains and losses. Unrestricted investment income earned on General Fund resources is recognized as revenue of the General Fund. Investment income earned on capital asset fund resources that is restricted to be spent on donor-restricted activities is recognized as revenue of the Capital Asset Fund. Investment losses are recognized in a manner consistent with investment income.

Fees are recognized when the services have been provided. Revenue from room payments is recognized as revenue in the general fund on an accrual basis when the amount to be received can be reasonably estimated and collection is reasonably assured.

The Organization receives government subsidies that provide immediate financial assistance as compensation for costs or expenditures to be incurred. The Organization recognizes government subsidies as revenue when received or receivable and when there is reasonable assurance that conditions attached to the subsidies are met.

Cash

Cash is comprised of amounts held in accounts with financial institutions.

Foreign currency translation

Amounts denominated in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities have been translated at the year end exchange rate. Non-monetary assets have been translated at the rate of exchange prevailing at the date of transaction. Revenues and expenses have been translated at the average rates of exchange during the year.

Foreign exchange gains and losses on monetary assets and liabilities are included in the determination of earnings.

Contributed materials and services

Contributed materials and services are recorded in the financial statements at fair value when fair value can be reasonably estimated. Because of the difficulty in determining the fair value of volunteer time, these services are not recognized in the financial statements.

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RONALD MCDONALD HOUSE CHARITIES ALBERTA SOCIETY

Notes to Financial Statements

Year Ended December 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

Initial measurement

The Organization initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Organization is in the capacity of management, are initially measured at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If it does, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the Organization in the transaction.

Subsequent measurement

The Organization subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in earnings in the period incurred.

Financial instruments measured at amortized cost include cash, accounts receivable, accounts payable and accrued liabilities.

Transaction costs

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in earnings in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in earnings over the life of the instrument using the straight-line method.

Impairment

For financial assets measured at cost or amortized cost, the Organization determines whether there are indications of possible impairment. When there are, and the Organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in earnings. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may be no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in earnings.

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RONALD MCDONALD HOUSE CHARITIES ALBERTA SOCIETY

Notes to Financial Statements

Year Ended December 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Capital assets

Capital assets are stated at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets are amortized over their estimated useful lives on a straight-line basis at the following rates:

Buildings	35 - 50 years	straight-line method
Furniture and fixtures	5 - 10 years	straight-line method
Computer software	2 - 5 years	straight-line method
Motor vehicles	3 - 5 years	straight-line method

The Organization regularly reviews its capital assets to eliminate obsolete items. Government grants are treated as a reduction of capital assets cost.

Capital assets acquired or under construction during the year but not placed into use are not amortized until they are placed into use. There is no amortization taken on land or artwork.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Estimates that could significantly impact the financial statements are noted below.

Amortization and Estimated Useful Lives of Capital Assets

Capital assets are depreciated, net of residual value, over the expected useful economic life of the related asset. Depreciation commences when assets are available for use. The assets' useful lives and methods of depreciation are reviewed and adjusted, if appropriate, at each fiscal year end.

The determination of useful life and residual values for each asset involves significant judgments, and no assurance can be given that actual useful lives and residual values will not differ significantly from current assumptions.

Impairment of long lived assets

The Organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

3. CASH

Cash includes \$83,410 (2022 - \$121,584) restricted in use by the Alberta Gaming, Liquor and Cannabis Commission (AGLC). These funds are held in separate deposit accounts with a Canadian Chartered Bank, consistent with the Organization's licensing requirements with AGLC.

RONALD MCDONALD HOUSE CHARITIES ALBERTA SOCIETY

Notes to Financial Statements

Year Ended December 31, 2023

4. INVESTMENTS

Investments, all of which are recorded at fair market value, have an asset mix as follows:

	<u>2023</u>	<u>2022</u>
<u>Short-term investments</u>		
Cash and cash equivalents	\$ 14,222,782	\$ 1,726,033
Fixed income	-	3,046,924
	<u>\$ 14,222,782</u>	<u>\$ 4,772,957</u>
<u>Long-term investments</u>		
Fixed income	\$ 1,727,633	\$ 6,864,201
Equities and pooled funds	2,100,146	11,013,799
	<u>\$ 3,827,779</u>	<u>\$ 17,878,000</u>

Investment in property

During the year, the Organization disposed of real property located in Edmonton for proceeds of \$1,275,000. These proceeds have been used to fund expansion of the Organization's Edmonton and Calgary facilities.

Investment income (loss) consists of the following:

Unrealized and realized gains (losses)	\$ 749,042	\$ (2,937,557)
Dividends, interest, and other	727,874	510,774
Foreign income	25,309	373,941
Management fees	(100,063)	(100,606)
	<u>\$ 1,402,162</u>	<u>\$ (2,153,448)</u>

5. LONG-TERM PREPAID LEASE

The land on which the Calgary building is located has been subleased for one dollar from Alberta Health Services (formerly Calgary Health Region) for 90 years commencing January 1, 2005.

In 2015, the sublease agreement was amended to include an additional parcel of land of approximately 1.26 acres for future capital expansion purposes. In consideration of the amendment, the Organization prepaid \$500,000. This amount is reflected in the financial statements as a long-term prepaid expense and amortized over the life of the lease. Amortization expense for the Organization was \$5,679 (2022 - \$5,679).

RONALD MCDONALD HOUSE CHARITIES ALBERTA SOCIETY**Notes to Financial Statements****Year Ended December 31, 2023****6. CAPITAL ASSETS**

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land	\$ 5,440,179	\$ -	\$ 5,440,179	\$ 4,340,862
Buildings	29,307,548	10,419,141	18,888,407	19,274,478
Construction in progress - Calgary	8,702,217	-	8,702,217	1,219,723
Furniture and fixtures	2,690,493	2,249,155	441,338	443,342
Artwork	264,791	-	264,791	262,839
Computer equipment	259,335	257,102	2,233	2,273
Motor vehicles	122,948	122,948	-	-
	\$ 46,787,511	\$ 13,048,346	\$ 33,739,165	\$ 25,543,517

During the year, amortization expense for the Organization was \$736,630 (2022 - \$755,874).

7. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent resources externally restricted for program expenses in future years for which a corresponding fund does not exist. Changes in the deferred contributions balances are as follows:

	2023	2022
Balance, beginning of year	\$ 1,870,562	\$ 2,075,490
Amounts received during the year	597,376	532,056
Amounts recognized as revenue during the year	(806,521)	(736,984)
Balance, end of year	\$ 1,661,417	\$ 1,870,562

RONALD MCDONALD HOUSE CHARITIES ALBERTA SOCIETY**Notes to Financial Statements****Year Ended December 31, 2023****8. FUND BALANCES**

	<u>2023</u>	<u>2022</u>
<u>General fund</u>		
Unrestricted	\$ 12,298,047	\$ 14,519,165
Advances receivable from capital asset fund	<u>5,533,757</u>	-
	17,831,804	14,519,165
Internally restricted for capital and facility expansion	<u>9,376,216</u>	<u>9,376,216</u>
	<u>27,208,020</u>	<u>23,895,381</u>
<u>Capital asset fund</u>		
Invested in capital assets	34,194,954	27,279,985
Advances payable to the general fund	<u>(5,533,757)</u>	-
	28,661,197	27,279,985
Externally restricted	<u>210,299</u>	<u>560,766</u>
	<u>28,871,496</u>	<u>27,840,751</u>
	 <u>\$ 56,079,516</u>	 <u>\$ 51,736,132</u>

During the year, \$5,533,757 (2022 - \$nil) in unrestricted funds were loaned to the capital asset fund to fund expenditures related to the Calgary facility expansion.

The Board had previously internally restricted \$10,000,000 in the general fund for capital and facility expansion associated with the Calgary and Edmonton facilities. In 2023, \$nil (2022 - \$623,784) was transferred from these reserves to the capital asset fund for expenditures incurred for the Calgary facility expansion.

During the year, the amount expended for Calgary and Edmonton facility expansion was \$9,183,278 (2022 - \$1,219,914), which was funded through \$2,374,521 (2022 - \$596,130) of externally restricted donations received in the year, \$nil (2022 - \$623,784) of internally restricted funds, \$1,275,000 (2022 - \$nil) in proceeds from the disposal of property (Note 4) and amounts loaned from the general fund in the amount of \$5,533,757 (2022 - \$nil).

Externally restricted amounts reported in the capital asset fund represent unspent resources for capital maintenance and capital projects. During the year, \$350,467 of these externally restricted funds were expended on capital asset additions.

RONALD MCDONALD HOUSE CHARITIES ALBERTA SOCIETY

Notes to Financial Statements

Year Ended December 31, 2023

9. RELATED PARTY TRANSACTIONS

RMHC is a system of independent, separately registered public benefit organizations, referred to as Chapters within the global organizations. The Organization is an independent operating Chapter within the RMHC system. Each Chapter is licensed by McDonald's Corporation and Ronald McDonald House Charities, Inc. to use RMHC related trademarks in conjunction with fundraising activities and the operation of its programs; the License Agreement also sets standards of operations for programs, governance, finance, branding and reporting.

During the year ended December 31, 2023, the Organization received from Ronald McDonald House Charities, Global, \$276,606 CDN or \$210,971 US (2022 - \$89,684 CDN or \$67,173 US), and \$1,804,157 CDN (2022 - \$1,296,558 CDN) from Ronald McDonald House Charities, Canada.

Included in accounts receivable is \$349,610 (2022 - \$333,975) receivable from Ronald McDonald House Charities, Canada.

10. DONATED GOODS AND SERVICES

The fair value of donated goods and services included as contributions in the financial statements are as follows:

	<u>2023</u>	<u>2022</u>
Programming	\$ 776,707	\$ 785,637
Fundraising	<u>322,452</u>	<u>248,456</u>
	<u>\$ 1,099,159</u>	<u>\$ 1,034,093</u>

11. CHARITABLE FUNDRAISING

As required under section 7(2) of the Charitable Fundraising Regulation in Alberta, the following amounts are disclosed:

	<u>General</u>	<u>Event</u>	<u>Capital</u>	<u>2023</u>	<u>2022</u>
Contributions and donations	\$ 7,725,623	\$ 2,038,347	\$ 2,374,521	\$ 12,138,491	\$ 9,248,304
Amounts paid as remuneration to employees whose duties involve fundraising	\$ 978,705	\$ 188,652	\$ 408,038	\$ 1,575,395	\$ 1,153,803
Amounts paid as other fundraising and general event	413,482	494,946	193,429	<u>1,101,857</u>	770,105
	<u>\$ 1,392,187</u>	<u>\$ 683,598</u>	<u>\$ 601,467</u>	<u>\$ 2,677,252</u>	<u>\$ 1,923,908</u>

RONALD MCDONALD HOUSE CHARITIES ALBERTA SOCIETY

Notes to Financial Statements

Year Ended December 31, 2023

12. CAPITAL EXPANSION

As at December 31, 2023, the Organization has received signed pledge agreements from donors to fund current and future capital expenditures associated with the expansion of the Calgary and Edmonton facilities. Pledges received, funds advanced under the pledge agreements, and pledges outstanding at the close of the fiscal year are summarized below. Outstanding pledges have not been recognized in these financial statements.

	<u>2023</u>	<u>2022</u>
Total pledges	\$ 13,882,000	\$ 1,250,000
Amounts received	<u>(2,039,250)</u>	<u>(550,000)</u>
Pledges outstanding	<u>\$ 11,842,750</u>	<u>\$ 700,000</u>

13. ALLOCATION OF EXPENSES

The Organization allocates expenses by identifying an appropriate basis of allocation which includes full-time equivalents, time spent on specific activities, and square footage.

General management and program salary expenses are based on proportional hours attributable to the function.

General management and program salaries expenses of \$1,763,867 (2022 - \$1,961,755) have been allocated as follows:

	<u>2023</u>	<u>2022</u>
Programming	\$ 661,193	\$ 835,278
Fundraising	652,997	373,773
Management and general	337,087	676,251
Capital campaign	<u>112,590</u>	<u>76,453</u>
	<u>\$ 1,763,867</u>	<u>\$ 1,961,755</u>

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Notes to Financial Statements

Year Ended December 31, 2023

14. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as of December 31, 2023.

Credit risk

The Organization is exposed to credit risk principally in connection with its cash, accounts receivable and investments because of the risk that one party to the financial instrument may cause a financial loss for the other party by failing to discharge an obligation. The Organization holds its cash and investments with reputable Canadian Chartered Banks and associated brokerages and it is managements opinion that its exposure to credit risks from these financial assets is minimal.

Interest rate risk

The Organization is exposed to interest rate risk with respect to its investments in fixed income securities, which subjects the Organization to a fair value risk.

Market risk

The investments of the Organization are subject to price risk because changing interest rates impact the market value of fixed-rate investments, and general economic conditions affect the market value of equity investments. This risk is mitigated through the use of an investment manager and maintenance of an investment policy.

15. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the presentation adopted for the current year.