

Ronald McDonald House Charities Canada

Financial statements
December 31, 2024



Shape the future
with confidence

Independent auditor's report

To the Members of
Ronald McDonald House Charities Canada

Opinion

We have audited the financial statements of the **Ronald McDonald House Charities Canada** ["RMHC Canada"], which comprise the statement of financial position as at December 31, 2024, and the statement of operations and changes in fund balances and statement of 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 RMHC Canada as at December 31, 2024, and its results of operations and its 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 RMHC Canada in accordance with the 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 RMHC Canada'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 RMHC Canada or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing RMHC Canada'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:

- 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 RMHC Canada'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 RMHC Canada'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 RMHC Canada 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.

Ernst & Young LLP

Toronto, Canada
June 3, 2025

Chartered Professional Accountants
Licensed Public Accountants

Ronald McDonald House Charities Canada

Statement of financial position

As at December 31

	2024	2023
	\$	\$
Assets		
Current		
Cash	6,238,967	6,568,673
Due from related parties	1,010,387	1,733,327
Other receivables <i>[note 5]</i>	741,194	1,291,231
Cash surrender value of life insurance policies	43,214	40,773
Total current assets	8,033,762	9,634,004
Investments, at fair value <i>[note 3]</i>	42,362,819	36,856,141
Donation boxes, net <i>[note 4]</i>	191,657	180,362
	50,588,238	46,670,507
Liabilities and fund balances		
Current		
Accounts payable and accrued liabilities <i>[note 8]</i>	1,489,354	2,400,626
Grants payable <i>[note 6]</i>	1,200,321	1,136,246
Total current liabilities	2,689,675	3,536,872
Fund balances		
General fund	47,627,245	42,648,781
Restricted fund	271,318	484,854
Total fund balances	47,898,563	43,133,635
	50,588,238	46,670,507

See accompanying notes

On behalf of the Board:

Director



Karima Kamali
Chair

Director



Ross Betteridge
Vice-Chair

Ronald McDonald House Charities Canada

Statement of operations and changes in fund balances

Year ended December 31

	General		Restricted		Total	
	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$
Revenue [note 8]						
Contributions	12,589,071	12,473,640	—	—	12,589,071	12,473,640
Special events revenue	321,316	306,343	—	—	321,316	306,343
Directed donations	—	—	5,475,954	5,452,125	5,475,954	5,452,125
Other income	—	—	252,602	553,874	252,602	553,874
	12,910,387	12,779,983	5,728,556	6,005,999	18,638,943	18,785,982
Expenses [note 8]						
Program – grants [note 6]	11,310,317	10,020,030	360,000	360,000	11,670,317	10,380,030
Cost of direct benefits to donors	173	186	—	—	173	186
Management and general administration	1,765,878	1,638,575	106,138	70,533	1,872,016	1,709,108
Fundraising	634,724	677,980	811,348	851,215	1,446,072	1,529,195
Directed donations	—	—	4,664,606	4,600,911	4,664,606	4,600,911
	13,711,092	12,336,771	5,942,092	5,882,659	19,653,184	18,219,430
Change in fund balances from operations	(800,705)	443,212	(213,536)	123,340	(1,014,241)	566,552
Investment income, net	5,779,169	3,047,313	—	—	5,779,169	3,047,313
Change in fund balances	4,978,464	3,490,525	(213,536)	123,340	4,764,928	3,613,865
Fund balances, beginning of year	42,648,781	39,158,256	484,854	361,514	43,133,635	39,519,770
Fund balances, end of year	47,627,245	42,648,781	271,318	484,854	47,898,563	43,133,635

See accompanying notes

Ronald McDonald House Charities Canada

Statement of cash flows

Year ended December 31

	2024	2023
	\$	\$
Operating activities		
Change in fund balances	4,764,928	3,613,865
Add (deduct) items not involving cash		
Amortization of donation boxes	40,845	34,358
Net donation box write-off	4,298	8,063
Unrealized (gains) on investments and reinvested realized (gains)	(2,985,856)	(804,090)
	1,824,215	2,852,196
Changes in non-cash working capital balances related to operations		
Due from related parties and other receivables	1,272,977	(1,693,689)
Cash surrender value of life insurance policies	(2,441)	(2,021)
Accounts payable and accrued liabilities	(911,272)	724,241
Grants payable	64,075	(10,746)
Cash provided by operating activities	2,247,554	1,869,981
Investing activities		
Contributions to investments	(2,520,822)	(1,981,220)
Acquisition of donation boxes	(56,438)	(79,346)
Cash used in investing activities	(2,577,260)	(2,060,566)
Net decrease in cash during the year	(329,706)	(190,585)
Cash, beginning of year	6,568,673	6,759,258
Cash, end of year	6,238,967	6,568,673

See accompanying notes

Ronald McDonald House Charities Canada

Notes to financial statements

December 31, 2024

1. Purpose of RMHC Canada

Ronald McDonald House Charities Canada ["RMHC Canada"] is a not-for-profit charitable corporation, originally incorporated in 1982 under the laws of Ontario as a corporation without share capital. In 2024, RMHC Canada was continued under the Canada Not-for-profit Corporations Act ["CNCA"]. The organization is registered as a public foundation under the *Income Tax Act* (Canada), and as such, is exempt from income taxes and authorized to issue donation receipts for income tax purposes.

RMHC Canada operates an essential mission as the country's only national organization enabling access to Canada's paediatric healthcare system. As the national foundation of support for the 12 RMHC Regional Chapters across the country, RMHC Canada contributes funding from McDonald's Restaurants of Canada and other donors to support the building and operations of the Ronald McDonald Houses and Family Rooms programs.

RMHC Canada commits annual operating cost grants based on the following general guidelines:

	2024 \$	2023 \$
House	121,700	117,250
Per bedroom in house	3,320	3,200
1 st family room in a hospital	37,110	35,750
2 nd family room in the same hospital	22,320	21,500
24-hour family room [supplement]	7,265	7,000

RMHC Canada also commits to capital requirements of the Houses using the following general guidelines:

	2024 \$		2023 \$	
Stand-alone house	0–500,000	50% plus	0–500,000	50% plus
	500,001–1,000,000	30% plus	500,001–1,000,000	30% plus
	1,000,001–10,000,000	20%	1,000,001–10,000,000	20%
House inside a hospital	0–1,000,000	50% plus	0–1,000,000	50% plus
	1,000,001–10,000,000	20%	1,000,001–10,000,000	20%
Family rooms	0–500,000	50% plus	0–500,000	50% plus
	500,001–600,000	20% plus	500,001–600,000	20% plus
	600,001–700,000	10%	600,001–700,000	10%

In certain circumstances, the Board of Directors will make exceptions to these general guidelines.

2. Summary of significant accounting policies

These financial statements are prepared in accordance with Part III of the *CPA Canada Handbook – Accounting*, "Accounting Standards for Not-for-Profit Organizations", which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies summarized herein:

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Fund accounting

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

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

The restricted fund reports resources that are to be used for specific purposes as specified by the donor or the Board of Trustees [the "Board"]. Any funds internally restricted by the Board are recorded through a transfer to the respective fund.

Revenue recognition

RMHC Canada follows the restricted fund method of accounting for contributions.

Contributions, grants and bequests 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. Unrestricted contributions are recognized as revenue in the general fund when initially recorded in the accounts. Externally restricted contributions are recorded in the restricted fund when initially recognized in the accounts. 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 (loss) consists of interest, dividends, income distributions from pooled funds, and realized and unrealized gains and losses. Investment income earned on restricted fund resources that must be spent on donor-restricted activities is recognized as revenue of the respective fund. General investment income earned on restricted fund and general fund resources are recognized as revenue of the general fund. Investment losses are allocated in a manner consistent with investment income.

Directed donations

RMHC Canada reports directed donations as revenue of the restricted fund when received and expensed when disbursed.

Foreign currency translation

Transactions denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the transaction date. Monetary assets and liabilities are translated into Canadian dollars at exchange rates in effect as at the date of the statement of financial position. Non-monetary assets and liabilities are translated into Canadian dollars at the historical rates.

Investments

Investments are recorded at fair value. Publicly traded securities and bonds are valued based on the latest bid prices, and pooled funds are valued based on reported unit values. The cash on deposit within each long-term investment fund is considered long-term since that cash will be reinvested in the fund. Transactions are recorded on a trade date basis, and transaction costs are expensed as incurred.

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The fair value of alternative investments [real estate, infrastructure, private equity or private debt], typically structured as limited partnerships, is determined by the external investment manager using accepted industry valuation methods approved by the general partner.

Cash surrender value of insurance policies

The cash surrender value represents the funds that RMHC Canada will receive if the policies are terminated before they mature, or the insured event occurs.

Contributed services

McDonald's pays a substantial amount of the administrative expenses of RMHC Canada. McDonald's incurs indirect costs in supporting RMHC Canada, and many of its employees contribute their efforts on a voluntary basis. The value of these contributed services is not easily quantifiable and therefore is not recognized in the financial statements.

Donation boxes

RMHC Canada owns donation boxes that are deployed in McDonald's restaurants. The donation boxes are recorded at cost and amortized on a straight-line basis over five years. The donation box collections are primarily distributed to the Houses net of coin collection, processing, program and capital payback deductions.

Grants

Grants to the Ronald McDonald Houses are recorded in the statement of operations and changes in fund balances when formally approved by the Board and the terms for payment have been met.

3. Investments

The fair value of investments consists of the following:

	2024 \$	2023 \$
Fixed Income		
Bonds	10,971,200	8,906,266
Equities		
Canadian	6,528,023	5,609,175
Global	15,319,581	13,012,272
Emerging Markets	2,018,867	1,785,261
Alternatives		
Mortgage Pension Trust	3,824,073	3,743,712
Canadian Real Estate	3,701,076	3,799,455
Total investments	42,472,552	36,903,835
Less cash	109,733	47,694
Total long-term investments	42,362,819	36,856,141

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Investment income is net of investment management fees incurred of \$181,833 in 2024 [2023 – \$162,101].

4. Donation boxes

The donation boxes are recorded at cost and amortized on a straight-line basis over five years.

	2024 \$	2023 \$
Cost	2,585,266	2,537,781
Less accumulated amortization	2,393,609	2,357,419
Net book value	191,657	180,362

5. Other receivables

As at December 31, 2024, other receivables include government remittances receivable of \$284,039 [2023 – \$264,462].

6. Grants payable

As at December 31, 2024, the balance of \$1,200,321 [2023 – \$1,136,246] is payable to all RMHC Chapters across Canada. The payment was made in January 2025.

7. Financial instruments and risk management

RMHC Canada is exposed to various financial risks through transactions in financial instruments. RMHC Canada's Statement of Investment Policies and Procedures ["SIPP"] provide that the portfolio should be structured and managed to provide for the generation of its targeted rate of investment return while assuming low risk. RMHC Canada engages an outsourced Investment Manager responsible for managing the portfolio in accordance with the SIPP, including measuring the portfolio's exposure to risk and structuring the portfolio within the SIPP's maximum risk exposure limit. The Finance Committee of RMHC Canada monitors the Investment Manager's performance and compliance with the SIPP and the portfolio's financial risk.

Market risk

Market risk is the risk that changes in market prices, as a result of changes in foreign exchange rates, interest rates, equity prices and valuation of appraisal-based assets, will affect the value of its holdings of financial instruments. This risk is mitigated through the use of an Investment Manager and review of the SIPP.

Currency risk

RMHC Canada is exposed to foreign currency risk with respect to its investments denominated in foreign currencies, including the underlying investments of its pooled funds denominated in foreign currencies, because the fair value and future cash flows will fluctuate due to the changes in the relative value of foreign currencies against the Canadian dollar.

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Interest rate risk

RMHC Canada is exposed to interest rate risk with respect to its investments in fixed income investments and a pooled fund that holds fixed income securities because the fair value will fluctuate due to changes in market interest rates.

Equity price risk

Equity price risk is the risk that the fair value of equity financial instruments will fluctuate due to changes in market prices. The Foundation is exposed to equity price risk on its investments in preferred and common stock. The objective of the Foundation's investment policy is to manage equity price risk by maintaining a portfolio that is diversified across geographic sectors.

Valuation risk

Valuation risk is specific to appraisal-based assets such as real estate. The Foundation is exposed to valuation risk through its investment in real estate limited partnership funds.

8. Related party transactions

Included in revenue are contributions of \$12,681,661 [2023 – \$12,624,894] received or receivable as a result of various fundraising activities by related parties. Included in expenses are costs of \$2,464,621 [2023 – \$2,225,850] paid or payable to related parties as a reimbursement for payments made on behalf of RMHC Canada. Related parties include McDonald's, McDonald's franchisees, employees and the members or directors of RMHC Canada. All transactions between RMHC and McDonald's are measured at the exchange amount agreed upon by the two parties. As at December 31, 2024, amounts due to related parties is nil [2023 – \$323,929].