

Friends of Saskatchewan Children Inc.
Financial Statements
December 31, 2023

Friends of Saskatchewan Children Inc. Contents

For the year ended December 31, 2023

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Management's Responsibility

To the Members of Friends of Saskatchewan Children Inc.:

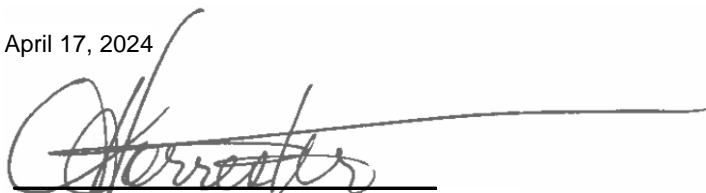
Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and the Finance, Audit, and Investment Committee are composed entirely of individuals who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities. The Finance, Audit, and Investment Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters, and financial reporting issues.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the Members to audit the financial statements and report directly to the members; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Finance, Audit, and Investment Committee and management to discuss their audit findings.

April 17, 2024

A handwritten signature in black ink, appearing to read "C. Herron", is written over a horizontal line. The signature is stylized and cursive.

Chief Executive Officer

To the Members of Friends of Saskatchewan Children Inc.:

Qualified Opinion

We have audited the financial statements of Friends of Saskatchewan Children Inc. (the "Organization"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, changes in fund balances, functional expenses and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from the general public in the form of contributions, fundraising activities and events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the financial records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to contributions, fundraising activities and events, excess (deficiency) of revenue over expenses, and cash flows from operations for the years ended December 31, 2023 and 2022, current assets as at December 31, 2023 and 2022, and fund balances as at January 1 and December 31 of both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

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 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 qualified 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.

Independent Auditor's Report *(continued from previous page)*

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 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.

Saskatoon, Saskatchewan

April 17, 2024

MNP LLP

Chartered Professional Accountants

MNP

Friends of Saskatchewan Children Inc.
Statement of Financial Position

As at December 31, 2023

	2023	2022
Assets		
Current		
Cash and cash equivalents	2,325,236	2,139,376
Accounts receivable	128,289	194,458
Goods and Services Tax receivable	50,288	13,082
Short-term investments (Note 3)	6,102,781	4,646,427
Accrued interest	24,073	38,732
Prepaid expenses	17,092	10,077
	8,647,759	7,042,152
Long-term investments (Note 4)	1,180,616	1,968,714
Tangible capital assets (Note 5)	10,329,536	9,442,318
	20,157,911	18,453,184
Liabilities		
Current		
Accounts payables and accruals	176,925	125,295
Current portion of deferred contributions (Note 6)	172,500	215,000
	349,425	340,295
Deferred contributions (Note 6)	52,000	32,500
	401,425	372,795
Commitments (Note 11)		
Fund Balances		
General fund (Note 7)	7,225,000	6,485,000
Restricted fund (Note 7)	1,740,452	2,153,071
Capital asset fund (Note 7)	10,791,034	9,442,318
	19,756,486	18,080,389
	20,157,911	18,453,184

Approved on behalf of the Board of Directors



Director



Director

The accompanying notes are an integral part of these financial statements

Friends of Saskatchewan Children Inc.
Statement of Operations

For the year ended December 31, 2023

	<i>General Fund</i>		<i>Restricted Fund</i>		<i>Capital Asset Fund</i>		2023	2022
	2023	2022	2023	2022	2023	2022		
Revenues and other support								
Contributions	2,683,452	1,622,736	-	-	1,063,081	20,000	3,746,533	1,642,736
Fundraising activities and events	678,314	621,753	-	-	-	-	678,314	621,753
Grant revenue (<i>Note 10</i>)	261,800	261,800	-	-	-	-	261,800	261,800
Room fees	92,372	77,273	-	-	-	-	92,372	77,273
	3,715,938	2,583,562	-	-	1,063,081	20,000	4,779,019	2,603,562
Expenses								
Program - House	1,926,764	1,679,909	-	-	398,690	431,219	2,325,454	2,111,128
Program - Family Room	156,747	132,107	-	-	16,421	14,521	173,168	146,628
Management and general	341,671	352,982	-	-	6,271	6,783	347,942	359,765
Fundraising	468,827	430,361	-	-	604,536	3,195	1,073,363	433,556
	2,894,009	2,595,359	-	-	1,025,918	455,718	3,919,927	3,051,077
Excess (deficiency) of operating revenues over expenses	821,929	(11,797)	-	-	37,163	(435,718)	859,092	(447,515)
Other items								
Gain on disposal of investments	723,925	30,877	-	-	-	-	723,925	30,877
Interest and dividends	199,560	212,267	-	-	-	-	199,560	212,267
Investment management fees	(47,787)	(52,473)	-	-	-	-	(47,787)	(52,473)
Unrealized loss on fair value of investments	(58,693)	(996,405)	-	-	-	-	(58,693)	(996,405)
	817,005	(805,734)	-	-	-	-	817,005	(805,734)
Excess (deficiency) of revenues over expenses	1,638,934	(817,531)	-	-	37,163	(435,718)	1,676,097	(1,253,249)

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

Friends of Saskatchewan Children Inc.
Statement of Changes in Fund Balances

For the year ended December 31, 2023

	<i>General Fund</i>		<i>Restricted Fund</i>		<i>Capital Asset Fund</i>		<i>2023</i>	<i>2022</i>
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>		
Fund balances, beginning of year	6,485,000	5,865,000	2,153,071	3,570,602	9,442,318	9,898,036	18,080,389	19,333,638
Excess (deficiency) of revenues over expenses	1,638,934	(817,531)	-	-	37,163	(435,718)	1,676,097	(1,253,249)
Transfers between funds (<i>Note 7</i>)	8,123,934	5,047,469	2,153,071	3,570,602	9,479,481	9,462,318	19,756,486	18,080,389
	(898,934)	1,437,531	(412,619)	(1,417,531)	1,311,553	(20,000)	-	-
Fund balances, end of year	7,225,000	6,485,000	1,740,452	2,153,071	10,791,034	9,442,318	19,756,486	18,080,389

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

Friends of Saskatchewan Children Inc.
Statement of Functional Expenses

For the year ended December 31, 2023

	<u>Program Services</u>		Management and General	Fundraising	2023	2022
	Ronald McDonald House	Ronald McDonald Family Room				
Salaries	1,067,364	100,200	230,794	154,854	1,553,212	1,412,407
Employee benefits	116,753	7,639	15,681	10,932	151,005	119,860
Payroll taxes	85,392	7,429	10,977	9,131	112,929	90,584
Total salaries and related expenses	1,269,509	115,268	257,452	174,917	1,817,146	1,622,851
Advertising	12,891	-	11,893	49,793	74,577	72,334
Amortization	398,690	16,421	6,271	2,954	424,336	455,718
Automobile	8,618	-	-	-	8,618	5,731
Cleaning service and supplies	10,923	-	-	-	10,923	3,444
Direct mail	-	-	-	42,581	42,581	36,999
Donor recognition	-	-	-	1,833	1,833	4,969
Education, training and meetings	37,194	852	14,560	2,837	55,443	17,783
Family support services and supplies	234,670	29,155	-	-	263,825	263,061
Insurance	-	1,182	2,222	-	3,404	2,225
Linens and laundry	2,966	-	-	-	2,966	9,018
Maintenance and repairs	145,290	-	-	-	145,290	122,461
Office supplies	17,215	1,479	7,995	3,164	29,853	24,029
Other	19,040	-	193	94,365	113,598	70,827
Professional fees	-	-	31,914	599,756	631,670	89,322
Technology	37,610	4,372	8,832	33,066	83,880	62,741
Telephone	33,140	2,024	5,093	5,776	46,033	48,759
Travel, meals and entertainment	-	1,850	-	61,606	63,456	58,323
Utilities	97,297	-	1,517	715	99,529	79,409
Volunteer resources and recognition	401	565	-	-	966	1,073
Total expenses	2,325,454	173,168	347,942	1,073,363	3,919,927	3,051,077

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

Friends of Saskatchewan Children Inc.

Statement of Cash Flows

For the year ended December 31, 2023

	2023	2022
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenues over expenses	1,676,097	(1,253,249)
Amortization	424,336	455,718
Gain on disposal of investments	(723,925)	(30,877)
Unrealized loss on fair value of investments	58,693	996,405
	1,435,201	167,997
Changes in working capital accounts		
Accounts receivable	66,169	(62,636)
Goods and Services Tax receivable	(37,206)	(826)
Accrued interest	14,659	(26,152)
Prepaid expenses	(7,015)	(5,345)
Accounts payable and accruals	51,630	22,808
Deferred contributions	(23,000)	(75,848)
	1,500,438	19,998
Investing		
Purchase of tangible capital assets	(1,311,554)	-
Purchase of investments	(9,860,620)	(654,973)
Proceeds on disposal of investments	9,857,596	545,460
	(1,314,578)	(109,513)
Increase (decrease) in cash resources	185,860	(89,515)
Cash and cash equivalents, beginning of year	2,139,376	2,228,891
Cash and cash equivalents, end of year	2,325,236	2,139,376

The accompanying notes are an integral part of these financial statements

Friends of Saskatchewan Children Inc.

Notes to the Financial Statements

For the year ended December 31, 2023

1. Incorporation and nature of the organization

Friends of Saskatchewan Children Inc. (the "Organization") is a Saskatchewan not-for-profit, charitable corporation formed on December 14, 1982. The Organization operates as Ronald McDonald House Charities Saskatchewan ("RMHC-SK"). The mission of Ronald McDonald House Charities ("RMHC") is to create, find, and support programs that directly improve the health and well-being of children and their families. RMHC and the network of local Chapters, of which there are 13 in Canada, ascribe to five core values: we are focused on the critical needs of children; we lead with compassion; we celebrate the diversity of our people and our programs; we value our heritage; and, we operate with accountability and transparency.

In Canada, 13 RMHC Chapters work collaboratively through the support of RMHC Canada, Canada's national RMHC foundation, which is focused on contributing funding from McDonald's Restaurants of Canada and other donors, to support the building and operations of Ronald McDonald Houses and Family Rooms to help enable the support of families with sick children.

The Organization fulfills its mission through the operation of sustainable programs that enable family-centered care, bridge access to quality health care, are a vital part of the health care continuum, and strengthen families during difficult times. The following programs, operated by the Organization, represent the core functions of RMHC-SK:

Ronald McDonald House

When children must travel long distances to access top medical care, accommodations and support for families can be expensive or not readily available. The Organization helps families stay close to their ill or injured child through the Ronald McDonald House program located in Saskatoon, Saskatchewan which provides temporary lodging, meals, and other support to children and their families. The program provides families with emotional and physical comfort and increases the caregivers' ability to spend more time with their child, to interact with their clinical care team, and to participate in critical medical care decisions.

Ronald McDonald Family Room

When a child is critically ill, parents may be reluctant to leave the hospital. In order to provide comfort and support to their child, it is important that parents have an opportunity to rest, have a meal, or have a moment of quiet. Located inside medical care facilities, the Ronald McDonald Family Room in the Prince Albert Victoria Hospital Pediatric Unit serves as a place of respite, relaxation, and privacy for family members; often just steps away from where their child is being treated. The Ronald McDonald Family Room program provides parents with an opportunity to remain close to their hospitalised child and to be an active member of their child's health care team.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Fund accounting

The Organization follows the restricted fund method of accounting for contributions and maintains three funds: General Fund, Restricted Fund, and Capital Asset Fund.

The General Fund reports the Organization's unrestricted resources available for general core functions.

The Restricted Fund reports the Organization's resources that are to be used for specific purposes as specified by the donor or the Board of Directors (the "Board"). Any funds internally restricted by the Board are recorded through a transfer to the respective fund.

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

2. Significant accounting policies *(Continued from previous page)*

Revenue recognition

The Organization uses the restricted fund method of accounting for contributions.

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

Externally restricted contributions, grants, or bequests are recognized as revenue of the Restricted Fund or Capital Asset Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions for purposes other than those of the Restricted Fund or Capital Asset Fund are recognized as revenue in the General Fund in the year in which the related expenses are recognized.

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.

Room fees are recognized when services are provided. Revenue from room payments is recognized as revenue in the General Fund when the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income consists of interest, dividends, income distributions from pooled funds, and realized and unrealized gains and losses. Investment income earned on Restricted Fund or Capital Asset Fund resources that must be spent on donor-restricted activities is recognized as revenue of the respective fund when earned. General investment income earned on Restricted Fund, Capital Asset Fund, and General Fund resources is recognized as revenue of the General Fund when earned.

Contributed materials and services

Contributions of materials are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials are used in the normal course of the Organization's operations and would otherwise have been purchased. Volunteers contribute many hours to assist the Organization, however, because of the difficulty in determining their fair value, volunteer hours are not recognized in the financial statements.

Financial instruments

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Organization has made such an election during the year. All investments have been designated to be subsequently measured at their fair value. Fair value is determined by published price quotations.

The Organization subsequently measures all other arm's length financial assets and liabilities at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance, or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess (deficiency) of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

2. Significant accounting policies *(Continued from previous page)*

Related party financial instruments

The Organization initially measures financial instruments originated/acquired or issued/assumed in a related party transaction ("related party financial instruments") at cost. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows, excluding interest, dividend, variable, and contingent payments less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration transferred. When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received (refer to Note 10).

At initial recognition, the Organization may elect to subsequently measure related party debt instruments that are quoted in an active market or, have observable inputs significant to the determination of fair value, at fair value. The Organization has not made such an election this year, thus, all related party debt instruments are subsequently measured at amortized cost.

The Organization subsequently measures financial instruments that were initially measured at cost using the cost method less any reduction for impairment.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance, or assumption of related party financial instruments are immediately recognized in excess (deficiency) of revenue over expenses.

Financial asset impairment

The Organization assesses impairment of all its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when: available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; or, no asset is individually significant. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments, in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

The Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party debt instruments initially measured at cost, the Organization reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and, the amount expected to be realized by exercising any rights to collateral held against those assets.

Any impairment, which is not considered temporary, is included in current year excess (deficiency) of revenue over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess (deficiency) of revenue over expenses in the year the reversal occurs.

Cash and cash equivalents

Cash and cash equivalents include cash on deposit and short-term investments with maturities of three months or less from the date of purchase unless they are held for investment rather than liquidity purposes, in which case they are classified as investments.

Investments

Investments are measured at fair value. Any changes in fair value are recorded immediately in the excess (deficiency) of revenues over expenses.

2. Significant accounting policies *(Continued from previous page)*

Tangible capital assets

Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives. Land is not amortized.

	Rate
Ronald McDonald House	5 %
Ronald McDonald Family Rooms	5 %
Computer equipment	30 %
Furniture and fixtures	20 %
Signage	20 %
Paving, fencing, and land development	20 %
Vehicles	20 %

Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Organization writes down long-lived assets held for use when conditions indicate that the group of assets no longer contribute to the Organization's ability to provide goods and services. The assets are also written-down when the value of future economic benefits or service potential associated with the group of assets is less than its net carrying amount. When the Organization determines that a long-lived asset is impaired, its carrying amount is written down to the asset's fair value. Any subsequent recovery is not recorded.

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 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.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

These estimates and assumptions are reviewed periodically and as adjustments become necessary they are reported in excess (deficiency) of revenues over expenses in the periods in which they become known.

Allocation of expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on a direct allocation, full-time equivalent, or square footage component as applicable to the respective expense.

Friends of Saskatchewan Children Inc.
Notes to the Financial Statements
For the year ended December 31, 2023

3. Short-term investments

	2023	2022
Short-term investments recorded at fair value:		
Equities and mutual funds (book value: 2023 - \$4,650,993, 2022 - \$4,039,561)	4,894,120	4,604,503
Fixed maturity debt instruments / Canadian bonds and treasury bills (book value: 2023 - \$1,212,364, 2022 - \$42,777)	1,208,661	41,924
	6,102,781	4,646,427

Equities and mutual funds are recorded as short term due to the ability of the Organization to dispose of the investments at any time.

4. Long-term investments

	2023	2022
Long-term investments recorded at fair value:		
Fixed maturity debt instruments / Canadian bonds (book value: 2023 - \$1,157,632, 2022 - \$2,271,054)	1,180,616	1,968,714

Fixed maturity debt instruments consist of bonds and notes yielding between 1.60% to 6.00% (2022 - 1.25% to 6.93%) with maturities ranging from April 2024 to May 2035 (2022 - March 2024 to December 2051).

5. Tangible capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>Net book value</i>	<i>2022 Net book value</i>
Land	3,150,835	-	3,150,835	1,904,476
Ronald McDonald House	11,802,958	5,154,979	6,647,979	6,997,873
Ronald McDonald Family Rooms	350,334	110,281	240,053	247,185
Computer equipment	92,355	87,639	4,716	6,738
Furniture and fixtures	876,666	720,921	155,745	194,681
Signage	20,174	19,573	601	751
Paving, fencing, and land development	192,540	131,537	61,003	63,363
Vehicles	38,680	16,879	21,801	27,251
Assets under construction	46,803	-	46,803	-
	16,571,345	6,241,809	10,329,536	9,442,318

Friends of Saskatchewan Children Inc.
Notes to the Financial Statements
For the year ended December 31, 2023

6. Deferred contributions

Deferred contributions consist of contributions received for the Adopt-a-Room campaign. Recognition of these amounts as revenue is deferred over the term of the commitments. Changes in the deferred contribution balance are as follows:

	2023	2022
Balance, beginning of year	247,500	323,348
Contributions received during the year	253,213	195,199
Less: Contributions recognized as revenue	(276,213)	(271,047)
	224,500	247,500
Less: Current portion	(172,500)	(215,000)
Balance, end of year	52,000	32,500

7. Fund balances

General Fund

The Organization is required by Ronald McDonald House Charities to retain approximately two and a half times the annual recurring operating costs of the Organization as an operating reserve. As a result, \$7,225,000 (2022 – \$6,485,000) has been retained by the Organization in the General Fund to be in compliance with this requirement. Any excess amount or shortfall at year end will be transferred into or will be replenished from internally restricted net assets in the Restricted Fund as approved by the Board of Directors.

Restricted Fund

During the year, the Organization's Board of Directors approved the net transfer of \$412,619 to the Capital Asset Fund (2022 – \$1,417,531 to the General Fund and from the Capital Asset Fund) in order to internally restrict \$1,740,452 (2022 – \$2,153,071) to be held in the Restricted Fund for unexpected shortfalls or specific future causes and for investment in major capital expenditures.

Capital Asset Fund

The Board of Directors has internally restricted net assets invested in tangible capital assets of \$10,791,034 (2022 – \$9,442,318). During the year, \$1,311,553 was transferred to the Capital Asset Fund from the General Fund and Restricted Fund (2022 – \$20,000 from the Capital Asset Fund to the Restricted Fund) .

8. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity, or other price risks arising from these financial instruments except as otherwise disclosed.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Organization is exposed to interest rate fair value risk with respect to its investments including bonds and notes which are subject to fixed interest rates ranging from 1.60% to 6.00% (2022 - 1.25% to 6.93%). In seeking to minimize the risks from interest rate fluctuations, the Organization manages its exposure by investing in a diverse portfolio with a variety of rates of return and maturity dates.

8. Financial instruments *(Continued from previous page)*

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization's investments in equity funds, bond funds, bonds, and notes expose the Organization to price risk as these investments are subject to price changes in an open market due to a variety of reasons including changes in market rates of interest, general economic indicators, and restrictions on credit markets.

Credit concentration

As at December 31, 2023, one contributor accounted for 92% (2022 - three contributors, 91%) of accounts receivable. The Organization believes that there is no unusual exposure associated with the collection of these receivables. The Organization performs regular credit assessments of its customers and provides allowances for potentially uncollectible accounts receivable; of which, \$nil (2022 - \$nil) allowance was recorded at year end.

9. Income taxes

The Organization is registered as a charitable organization under the *Income Tax Act* (the "Act") and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Organization must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

10. Related party transactions

Ronald McDonald House Charities ("RMHC") is a system of independent, separately registered public benefit organizations, referred to as "Chapters," within the global organization. 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 \$261,800 (2022 - \$261,800) in grant revenue from Ronald McDonald House Charities, of which, \$117,629 (2022 - \$97,011) was recorded in accounts receivable at year-end.

11. Commitments

The Organization has entered project management, architectural, and engineering agreements to expand operations and construct a new 20,000 square foot house in Regina, Saskatchewan and 12,000 square foot house in Prince Albert, Saskatchewan. Construction of the \$26,500,000 total projects are expected to begin in 2024 with an anticipated grand opening in 2026. As at December 31, 2023, the Organization has signed commitments relating to \$2,400,000 of the estimated cost.

To facilitate the expansion, the Organization entered into a capital campaign management agreement with an ultimate goal of raising \$22,000,000. As at December 31, 2023, \$1,063,081 has been recognized as contribution revenue in the Capital Asset Fund relating to this campaign.

12. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.