



Keeping families close™

Financial Statements

Ronald McDonald House Charities Atlantic Association

December 31, 2023

Ronald McDonald House Charities Atlantic Association
INDEX
December 31, 2023

	Page
INDEPENDENT AUDITOR'S REPORT	1-3
STATEMENT OF FINANCIAL POSITION	4
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES	5
STATEMENT OF FUNCTIONAL EXPENSES UNRESTRICTED FUND - 2023	6
STATEMENT OF FUNCTIONAL EXPENSES UNRESTRICTED FUND - 2022	7
STATEMENT OF CASH FLOWS	8
NOTES TO THE FINANCIAL STATEMENTS	9-16



Tel: 902 444 5540
Fax: 902 444 5539
www.bdo.ca

BDO Canada LLP
6940 Mumford Road, Suite 510
Halifax, Nova Scotia B3L 0B7

Independent Auditor's Report

To the Board of Directors of Ronald McDonald House Charities Atlantic Association

Qualified Opinion

We have audited the financial statements of Ronald McDonald House Charities Atlantic Association (the "Organization"), which comprise the statement of financial position as at December 31, 2023, and the statements 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, 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 Ronald McDonald House Charities Atlantic Association as at December 31, 2023, 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 Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from contributions and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to contributions and fundraising activities, excess of revenues 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 net assets as at January 1 and December 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended December 31, 2023 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.



Other Matter - Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of Ronald McDonald House Charities Atlantic Association taken as a whole. The supplementary information included in the statements of functional expenses is presented for purposes of additional detail and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion in the audit of the financial statements taken as a whole.

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

Management is responsible for the preparation of fair presentation of these 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:

- 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 "entity" 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 "entity'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 "entity" 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.

Chartered Professional Accountants

Halifax, Nova Scotia
April 25, 2024

Ronald McDonald House Charities Atlantic Association
STATEMENT OF FINANCIAL POSITION
As at December 31, 2023

	2023	2022
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	15,329,365	17,124,574
Accounts receivable (Note 4)	946,603	535,110
Prepaid expenses and other assets	12,154	15,352
Total current assets	16,288,122	17,675,036
Investments	3,839,069	3,185,510
Capital assets, net (Note 5)	-	73,480
Capital assets, under development	13,748,514	4,508,791
Total assets	33,875,705	25,442,817
LIABILITIES AND FUND BALANCES		
Current liabilities		
Accounts payable and accrued liabilities	2,025,757	977,543
Current portion of long-term debt	-	24,113
Total current liabilities	2,025,757	1,001,656
FUND BALANCES		
General fund	10,971,534	7,284,334
Restricted fund (Note 6)	31,623	36,211
Capital asset fund (Note 6)	20,846,791	17,120,616
Total fund balances	31,849,948	24,441,161
Total liabilities and fund balances	33,875,705	25,442,817

Commitments (Note 7)

See accompanying notes

On behalf of the Board:

_____ Director

_____ Director

Ronald McDonald House Charities Atlantic Association
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
For the year ended December 31, 2023

	<u>General Fund</u>		<u>Restricted Fund</u>		<u>Capital Asset Fund</u>		<u>Total</u>	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues and other support								
Contributions (Note 9)	1,778,192	1,682,268	21,396	21,803	3,386,857	4,239,878	5,186,445	5,943,949
Fundraising activities/events	376,337	311,417	-	-	-	-	376,337	311,417
RMH room donations/fees	32,872	28,115	-	-	-	-	32,872	28,115
Other	1,323	425	-	-	-	-	1,323	425
Donated goods and services (Note 10)	125,742	50,000	-	-	40,711	-	166,453	50,000
Total revenues and other support	2,314,466	2,072,225	21,396	21,803	3,427,568	4,239,878	5,763,430	6,333,906
Expenses								
Program	1,361,569	956,780	25,984	29,746	-	-	1,387,553	986,526
Management and general	145,704	89,972	-	-	-	-	145,704	89,972
Fundraising	592,137	550,014	-	-	177,370	118,228	769,507	668,242
Cost of direct benefits to donors	34,987	53,407	-	-	-	-	34,987	53,407
Total expenses	2,134,397	1,650,173	25,984	29,746	177,370	118,228	2,337,751	1,798,147
Excess of operating revenues over expenses	180,069	422,052	(4,588)	(7,943)	3,250,198	4,121,650	3,425,679	4,535,759
Gain on sale of capital asset	2,778,570	-	-	-	-	-	2,778,570	-
Investment (loss) income, net (Note 3)	655,081	(133,609)	-	-	549,457	267,305	1,204,538	133,696
Excess of revenues over expenses	3,613,720	288,443	(4,588)	(7,943)	3,799,655	4,388,955	7,408,787	4,669,455
Fund balances, beginning of year	7,284,334	6,995,891	36,211	44,154	17,120,616	12,731,661	24,441,161	19,771,706
Transfers between funds	73,480	-	-	-	(73,480)	-	-	-
Fund balances, end of year	10,971,534	7,284,334	31,623	36,211	20,846,791	17,120,616	31,849,948	24,441,161

See accompanying notes

Ronald McDonald House Charities Atlantic Association

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2023

	Program Services				Support Services			Total Expenses
	Ronald McDonald House	Ronald McDonald Family Rooms	Other Program Services	Total Program Services	Management and General	Fundraising	Direct Benefit to Donor	
	\$	\$	\$	\$	\$	\$	\$	
Amortization	846	-	-	846	-	1,204	-	2,050
Cleaning service and supply	396	41	-	437	-	-	-	437
Direct response	-	-	-	-	-	12,879	-	12,879
Donor relationships	-	-	-	-	-	1,078	1,161	2,239
Education, training and meetings	6,282	1,560	-	7,842	7,791	5,054	-	20,687
Event logistics	-	-	-	-	-	8,230	33,826	42,056
Family support and services	102,891	1,277	25,984	130,152	-	-	-	130,152
Insurance	-	-	-	-	7,172	-	-	7,172
Interest and bank charges	-	-	-	-	13,158	3,105	-	16,263
Maintenance and repairs	8,394	3,010	-	11,404	-	-	-	11,404
Marketing and communications	11,642	820	-	12,462	-	59,463	-	71,925
Office supplies	2,280	1,087	-	3,367	28	707	-	4,102
Other	870	280	-	1,150	3,102	1,842	-	6,094
Postage and courier	117	33	-	150	-	899	-	1,049
Printing	86	84	-	170	282	9,102	-	9,554
Professional fees	-	-	-	-	20,767	142,988	-	163,755
Property tax	9,269	-	-	9,269	-	-	-	9,269
Rent	126,687	7,247	-	133,934	516	14,970	-	149,420
Technology and telephone	31,791	6,893	-	38,684	11,589	26,049	-	76,322
Travel and meals	1,266	4,085	-	5,351	11,474	12,402	-	29,227
Utilities	35,615	-	-	35,615	-	-	-	35,615
Volunteer resources and recognition	6,729	861	-	7,590	-	67	-	7,657
Wages and benefits	776,820	212,310	-	989,130	69,825	469,468	-	1,528,423
	1,121,981	239,588	25,984	1,387,553	145,704	769,507	34,987	2,337,751

Ronald McDonald House Charities Atlantic Association

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2022

	Program Services				Support Services			Total Expenses
	Ronald McDonald House	Ronald McDonald Family Rooms	Other Program Services	Total Program Services	Management and General	Fundraising	Direct Benefit to Donor	
	\$	\$	\$	\$	\$	\$	\$	
Amortization	-	-	8,818	8,818	-	1,333	-	10,151
Cleaning service and supply	448	-	-	448	-	-	-	448
Direct response	-	-	-	-	-	13,676	-	13,676
Donor relationships	-	-	-	-	-	1,357	17,733	19,090
Education, training and meetings	9,790	3,294	-	13,084	3,464	4,172	-	20,720
Event logistics	-	-	-	-	-	1,531	35,674	37,205
Family support and services	5,960	735	27,317	34,012	-	-	-	34,012
Insurance	-	-	-	-	6,465	-	-	6,465
Interest and bank charges	2,655	91	-	2,746	100	15,426	-	18,272
Linens and laundry	1,646	-	-	1,646	-	-	-	1,646
Maintenance and repairs	11,147	256	1,638	13,041	-	-	-	13,041
Marketing and communications	851	-	-	851	3,042	13,953	-	17,846
Office supplies	1,800	38	-	1,838	29	474	-	2,341
Other	1,233	156	791	2,180	6,965	1,987	-	11,132
Postage and courier	288	86	-	374	-	767	-	1,141
Printing	1,021	257	-	1,278	6	4,647	-	5,931
Professional fees	12,163	3,951	-	16,114	17,445	57,019	-	90,578
Property tax	3,519	-	-	3,519	-	-	-	3,519
Rent	23,578	7,058	-	30,636	344	19,020	-	50,000
Technology and telephone	23,030	5,425	-	28,455	10,080	28,503	-	67,038
Travel and meals	570	592	-	1,162	2,725	9,323	-	13,210
Utilities	32,033	-	-	32,033	-	-	-	32,033
Volunteer resources and recognition	2,199	399	-	2,598	-	-	-	2,598
Wages and benefits	640,086	151,607	-	791,693	39,307	495,054	-	1,326,054
	<u>774,017</u>	<u>173,945</u>	<u>38,564</u>	<u>986,526</u>	<u>89,972</u>	<u>668,242</u>	<u>53,407</u>	<u>1,798,147</u>

Ronald McDonald House Charities Atlantic Association

STATEMENT OF CASH FLOWS

Year ended December 31, 2023

	2023	2022
	\$	\$
OPERATING ACTIVITIES		
<i>Excess of revenues over expenses for the year</i>		
General fund	3,613,720	288,443
Restricted fund	(4,588)	(7,943)
Capital asset fund	3,799,655	4,388,955
<i>Add (deduct) items not involving cash</i>		
Amortization of capital assets	2,050	10,151
Gain on sale of capital assets	(2,778,570)	-
Realized and unrealized loss (gain) on investments	(274,401)	302,823
	4,357,866	4,982,429
Net change in non-cash working capital balances related to operations		
Increase in accounts receivable	(411,493)	(57,856)
Decrease in prepaid expenses and other assets	3,198	9,656
Increase in accounts payable and accrued liabilities	1,048,214	811,395
	639,919	763,195
Cash provided by operating activities	4,997,785	5,745,624
INVESTING ACTIVITIES		
Proceeds from investments, net of sales	(379,158)	(317,748)
Purchases of capital assets under development	(9,239,723)	(2,958,233)
Proceeds from sale of capital assets	2,850,000	-
Repayment of long-term debt	(24,113)	-
Cash used in investing activities	(6,792,994)	(3,275,981)
Net increase in cash and cash equivalents during the year		
Cash and cash equivalents, beginning of year	17,124,574	14,654,931
Cash and cash equivalents, end of year	15,329,365	17,124,574
<i>See accompanying notes</i>		

Ronald McDonald House Charities Atlantic Association

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

1. NATURE OF THE ORGANIZATION

Organization

Ronald McDonald House Charities Atlantic Association (the "Organization") is a Nova Scotia not-for-profit, charitable corporation formed in 1981. 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 12 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, 12 Regional 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, Family Rooms and Ronald McDonald Care Mobiles to help enable the support of families with sick children.

We fulfill our mission through 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 Ronald McDonald House Charities.

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 Halifax, which provide 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 programs in The IWK Health Centre and The Moncton Hospital serve 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 hospitalized child and to be an active member of their child's health care team.

Ronald McDonald House Charities Atlantic Association
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These financial statements are prepared in accordance with Part III of the Chartered Professional Accountants of Canada ("CPA Canada") Handbook – Accounting ("The Handbook"), which sets out accounting standards for not-for-profit organizations in Canada and includes the significant accounting policies summarized below.

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

Revenue recognition

The Organization 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 or Capital Asset 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.

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.

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 or Capital Asset 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, Capital Asset Fund and General Fund resources is recognized as revenue of the General Fund. Investment losses are allocated in a manner consistent with investment income.

Ronald McDonald House Charities Atlantic Association

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expense allocation

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 (Note 12).

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and short-term investments with a maturity of approximately 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.

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 at the dates of the balance sheet. Non-monetary assets and liabilities are translated at the historic rate.

Financial instruments

Investments are recorded at fair value and are comprised of marketable securities. Transactions are recorded on a trade date basis and transaction costs are expensed as incurred.

Other financial instruments, including accounts receivable and accounts payable and accrued liabilities, are initially recorded at their fair value and are subsequently measured at amortized cost, net of any provisions for impairment.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down is recognized in excess of revenues over expenses (expenses over revenues). Any previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is 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 any reversal is recognized in excess of revenues over expenses.

Contributed materials and services

Donated materials and services are recorded in the financial statements at fair market value when fair market 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.

Ronald McDonald House Charities Atlantic Association

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets

Purchased capital assets are recorded at acquisition cost. Contributed capital assets are recorded at fair value at the date of the contribution. Amortization is determined using the straight-line method over the estimated useful lives of the assets as follows:

Building	40 years	Straight-line
Computer equipment	3 years	Straight-line
Equipment	5 years	Straight-line
Furniture and fixtures	5 years	Straight-line

Interest is capitalized during the period in which the capital assets are under development. Capital assets under development are not subject to amortization.

Impairment of long-lived assets

Long-lived assets are tested for impairment when events of changes in circumstances indicate that their carrying value may not be recoverable. An impairment loss is recognized when the carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its residual value.

Income taxes

The Organization is a registered charitable organization under the meaning assigned in section 149 (1) of the Income Tax Act, and, as such, is exempt from income taxes. Accordingly, no provision has been made in the accounts for income taxes.

Use of estimates

The preparation of financial statements, in accordance 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, the disclosure of contingent assets and liabilities at the statement of financial position date, and the reported amount of revenue and expenses during the reporting period. There are no significant estimates used in these Financial Statements.

Ronald McDonald House Charities Atlantic Association
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2023

3. INVESTMENT INCOME

Investment income (expense) consists of the following:

	2023	2022
	\$	\$
Interest income	868,521	383,502
Dividends	89,115	78,848
Realized and unrealized gain on investments	274,401	(302,823)
Management fees	(27,499)	(25,831)
	1,204,538	133,696

4. GOVERNMENT REMITTANCES RECEIVABLE

As at December 31, 2023, accounts receivable includes government remittances receivable of \$676,043 (2022: \$232,972).

5. CAPITAL ASSETS

Capital assets consist of the following:

	2023		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Computer equipment	21,404	21,404	-
Equipment	66,877	66,877	-
	88,281	88,281	-
	2022		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Land	60,000	-	60,000
Building	1,000,811	989,381	11,430
Computer equipment	21,404	19,712	1,692
Equipment	66,877	66,519	358
	1,149,092	1,075,612	73,480

Ronald McDonald House Charities Atlantic Association
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2023

6. FUND BALANCES

Restricted fund balance consists of the following:

	2023	2022
	\$	\$
Restricted Fund		
Externally restricted	31,623	36,211
Capital Asset Fund		
Externally funded capital assets	7,098,277	12,538,345
Capital asset under development	13,748,514	4,508,791
Internally funded capital assets	-	73,480
	20,846,791	17,120,616

7. COMMITMENTS

i) The Organization has signed an agreement with an architectural firm for design services of a new Ronald McDonald House in Halifax with a remaining value of \$241,942.

ii) The Organization has signed a management agreement of a new Ronald McDonald House in Halifax with a value of \$64,400.

iii) The Organization has signed an agreement with a construction firm to build a new Ronald McDonald House in Halifax with a remaining value of \$12,167,844.

iv) The Organization has signed a lease for 1133 Tower Road for a period of up to 2 years with a total value of \$480,000. The Organization intends to terminate this lease upon opening of the new Ronald McDonald House in which it expects will occur in the latter part of 2024.

8. FINANCIAL INSTRUMENTS

The Organization is exposed to various financial risks through transactions in financial instruments.

Interest rate risk

The Organization is exposed to interest rate risk with respect to its investments in fixed income investments.

Liquidity risk

The Organization is exposed to the risk that it will encounter difficulty in meeting obligations associated with its financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Organization considers that it has sufficient funds available to meet its obligations as they come due.

Ronald McDonald House Charities Atlantic Association

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

8. FINANCIAL INSTRUMENTS (continued)

Credit risk

The Organization is exposed to credit risk in connection with its cash, accounts receivable and its short-term 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 assesses on that basis of amounts for which ultimate collection is reasonably assured based on their estimated realizable value.

Market risk

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

9. RELATED PARTY TRANSACTIONS

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 \$10,711 (2022: \$52,979) from Ronald McDonald House Charities, Inc. and \$1,465,355 (2022: \$1,421,527) from Ronald McDonald House Charities, Canada.

10. DONATED GOODS AND SERVICES

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

	2023	2021
	\$	\$
Programming	110,256	29,703
Fundraising	14,970	19,674
Management and General	516	623
Capital assets, under development	40,711	-
	166,453	50,000

Ronald McDonald House Charities Atlantic Association

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2023

11. ALLOCATION OF EXPENSES

It is the policy to charge expenses to the appropriate category program service or supporting activity. Expenses that serve multiple functions or are not readily identifiable with one function such as wages, technology and rent, shall be allocated based on the following:

Ronald McDonald House	54.5%
Ronald McDonald Family Rooms	14.5%
Unrestricted Fundraising	28.6%
Management and General	1.0%
Capital Fundraising	1.4%

12. PLEDGES RECEIVABLE

During the year ended December 31, 2023, the Organization received pledges for the Capital Fund which range from 1-5 years in length. Whether or not a pledge will be collected depends on factors outside the Organization's control, such as current economic conditions and the continued goodwill and ability to pay of the individual or entity making the pledge. Because of this, the Organization has not recorded any pledges receivable.

13. COMPARATIVE FIGURES

Certain reclassifications for the year ended December 31, 2023, have been made for purposes of comparability.