



Financial Statements

**Ronald McDonald House Charities Atlantic Association**  
December 31, 2020

**Ronald McDonald House Charities Atlantic Association**  
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December 31, 2020

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# Independent auditor's report

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To the Directors of Ronald McDonald House Charities Atlantic Association

## Qualified Opinion

We have audited the financial statements of Ronald McDonald House Charities Atlantic Association (the "Association"), which comprise the statement of financial position as at December 31, 2020, 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, 2020, 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 Association derives revenue from 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 Association. Therefore, 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, 2020 and 2019, current assets as at December 31, 2020 and 2019, and net assets as at January 1, 2020 and 2019 and December 31, 2020 and 2019. Our audit opinion on the financial statements for the year ended December 31, 2019 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 Association 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 unrestricted fund 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 and 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 Association'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 Association'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 Association 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Halifax, Canada  
May 26, 2021

Chartered Professional Accountants

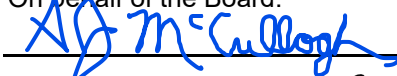
**Ronald McDonald House Charities Atlantic Association**  
**STATEMENT OF FINANCIAL POSITION**  
As at December 31, 2020

	2020	2019
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	8,970,016	751,727
Accounts receivable (Note 4)	345,728	231,370
Prepaid expenses and other assets	19,269	19,183
<b>Total current assets</b>	<b>9,335,013</b>	<b>1,002,281</b>
Investments	4,352,101	4,007,994
Capital assets, net (Note 5)	99,468	131,160
Capital assets, under development	604,385	362,842
<b>Total assets</b>	<b>14,390,967</b>	<b>5,504,277</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	319,450	88,199
<b>Total current liabilities</b>	<b>319,450</b>	<b>88,199</b>
Long-term debt (Note 6)	24,113	-
<b>Total liabilities</b>	<b>343,563</b>	<b>88,199</b>
<b>FUND BALANCES</b>		
General fund	5,276,493	4,832,361
Restricted fund (Note 7)	67,320	89,715
Capital asset fund (Note 7)	8,703,590	494,002
<b>Total fund balances</b>	<b>14,047,404</b>	<b>5,416,078</b>
<b>Total liabilities and fund balances</b>	<b>14,390,967</b>	<b>5,504,277</b>

Commitments (see Note 9)

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, 2020

	<u>General</u>		<u>Restricted</u>		<u>Capital Asset</u>		<u>Total</u>	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$
<b>REVENUES AND OTHER SUPPORT</b>								
Contributions	1,232,475	1,266,830	21,000	-	8,373,527	362,078	9,627,002	1,628,908
Fundraising activities/events	280,031	335,003	-	-	-	-	280,031	335,003
RMH room donations/fees	15,569	46,171	-	-	-	-	15,569	46,171
Other	1,911	3,050	-	-	-	-	1,911	3,050
Canada Emergency Wage Subsidy	387,875	-	-	-	-	-	387,875	-
<b>Total revenues and other support</b>	<b>1,917,861</b>	<b>1,651,054</b>	<b>21,000</b>	<b>-</b>	<b>8,373,527</b>	<b>362,078</b>	<b>10,312,388</b>	<b>2,013,132</b>
<b>EXPENSES</b>								
Program	860,277	723,579	43,395	12,640	36,313	8,446	939,985	744,665
Management and general	42,236	40,546	-	-	-	38,503	42,236	79,049
Fundraising	335,920	348,800	-	-	380,878	216,546	716,798	565,346
Cost of direct benefits to donors	18,237	-	-	-	-	-	18,237	-
<b>Total expenses</b>	<b>1,256,670</b>	<b>1,112,925</b>	<b>43,395</b>	<b>12,640</b>	<b>417,191</b>	<b>263,495</b>	<b>1,717,256</b>	<b>1,389,060</b>
<b>Excess of operating revenues over expenses (expenses over revenues)</b>	<b>661,191</b>	<b>538,129</b>	<b>(22,395)</b>	<b>(12,640)</b>	<b>7,956,336</b>	<b>98,583</b>	<b>8,595,132</b>	<b>624,072</b>
Investment income, net (Note 3)	7,980	311,575	-	-	28,214	-	36,194	311,575
<b>Excess of revenues over expenses</b>	<b>669,171</b>	<b>849,704</b>	<b>(22,395)</b>	<b>(12,640)</b>	<b>7,984,550</b>	<b>98,583</b>	<b>8,631,326</b>	<b>935,647</b>
Fund balances, beginning of year	4,832,361	3,862,145	89,715	102,355	494,002	515,931	5,416,078	4,480,431
Transfers between funds (Note 8)	(225,039)	120,512	-	-	225,039	(120,512)	-	-
<b>Fund balances, end of year</b>	<b>5,276,493</b>	<b>4,832,361</b>	<b>67,320</b>	<b>89,715</b>	<b>8,703,590</b>	<b>494,002</b>	<b>14,047,404</b>	<b>5,416,078</b>

See accompanying notes

**Ronald McDonald House Charities Atlantic Association**  
**STATEMENT OF FUNCTIONAL EXPENSES**

For the year ended December 31, 2020

	Programs 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	-	-	29,018	29,018	-	2,675	-	<b>31,693</b>
Cleaning service and supply	38,894	-	-	38,894	-	-	-	<b>38,894</b>
Direct response	-	-	-	-	-	16,579	-	<b>16,579</b>
Donor relationships	-	-	-	-	-	972	-	<b>972</b>
Education, training and meetings	4,095	714	175	4,984	657	5,974	-	<b>11,615</b>
Event logistics	-	-	-	-	-	5,422	12,056	<b>17,478</b>
Family support and services	2,677	506	19,992	23,175	-	-	-	<b>23,175</b>
Insurance	-	-	-	-	5,775	-	-	<b>5,775</b>
Interest and bank charges	1,395	52	-	1,447	57	9,470	-	<b>10,974</b>
Linens and Laundry	1,641	-	-	1,641	-	-	-	<b>1,641</b>
Maintenance and repairs	17,968	1,597	4,853	24,418	-	-	-	<b>24,418</b>
Marketing and communications	861	380	-	1,241	1	16,512	-	<b>17,754</b>
Office supplies	2,101	104	1	2,206	3	958	-	<b>3,167</b>
Other	3,582	337	18,805	22,724	38	1,909	-	<b>24,671</b>
Postage and courier	714	453	4	1,171	6	3,169	-	<b>4,346</b>
Printing	2,070	770	10	2,850	22	6,940	-	<b>9,812</b>
Professional fees	-	-	-	-	16,485	198,825	-	<b>215,310</b>
Property tax	3,086	-	-	3,086	-	-	-	<b>3,086</b>
Rent	4,878	1,960	38	6,876	38	4,860	-	<b>11,774</b>
Technology and telephone	16,818	6,738	374	23,930	1,545	24,151	-	<b>49,626</b>
Travel and meals	92	1,555	-	1,647	9	5,681	6,181	<b>13,518</b>
Utilities	19,793	-	-	19,793	-	-	-	<b>19,793</b>
Volunteer resources and recognition	1,641	70	-	1,711	-	101	-	<b>1,812</b>
Wages and benefits	581,944	140,103	7,126	729,173	17,600	412,600	-	<b>1,159,373</b>
	<b>704,250</b>	<b>155,339</b>	<b>80,396</b>	<b>939,985</b>	<b>42,236</b>	<b>716,798</b>	<b>18,237</b>	<b>1,717,256</b>

**Ronald McDonald House Charities Atlantic Association**

**STATEMENT OF FUNCTIONAL EXPENSES**

For the year ended December 31, 2019

	Programs 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	-	-	-	-	38,503	-	-	<b>38,503</b>
Cleaning service and supply	15,833	-	-	15,833	-	-	-	<b>15,833</b>
Direct response	-	-	-	-	-	-	-	-
Donor relationships	-	-	-	-	-	1,820	-	<b>1,820</b>
Education, training and meetings	2,359	959	2,205	5,523	3,471	6,859	-	<b>15,852</b>
Event logistics	-	-	-	-	-	31,914	-	<b>31,914</b>
Family support and services	4,843	677	2,150	7,670	-	-	-	<b>7,670</b>
Insurance	-	-	-	-	-	-	-	-
Interest and bank charges	924	56	153	1,133	26	7,019	-	<b>8,178</b>
Linens and Laundry	692	-	5,432	6,124	-	-	-	<b>6,124</b>
Maintenance and repairs	15,340	2,489	24	17,853	61	-	-	<b>17,914</b>
Marketing and communications	1,439	77	882	2,398	7	13,957	-	<b>16,361</b>
Office supplies	3,705	369	171	4,245	114	2,599	-	<b>6,958</b>
Other	1,438	465	454	2,357	6	1,298	-	<b>3,661</b>
Postage and courier	406	7	-	413	-	6,396	-	<b>6,809</b>
Printing	1,513	294	-	1,807	390	3,630	-	<b>5,827</b>
Professional fees	-	-	-	-	15,930	65,985	-	<b>81,915</b>
Property tax	3,895	-	-	3,895	-	-	-	<b>3,895</b>
Rent	15,714	7,283	210	23,207	7,761	13,694	-	<b>44,662</b>
Technology and telephone	15,228	3,720	2,580	21,528	1,222	32,313	-	<b>55,062</b>
Travel and meals	5,427	2,631	2,534	10,593	1,001	15,405	-	<b>26,999</b>
Utilities	26,409	-	-	26,409	-	-	-	<b>26,409</b>
Volunteer resources and recognition	2,823	3,060	1,949	7,832	-	778	-	<b>8,610</b>
Wages and benefits	455,591	123,387	6,868	585,847	10,557	361,680	-	<b>958,084</b>
	<b>573,578</b>	<b>145,475</b>	<b>25,612</b>	<b>744,665</b>	<b>79,049</b>	<b>565,346</b>	<b>-</b>	<b>1,389,060</b>



**Ronald McDonald House Charities Atlantic Association**  
**STATEMENT OF CASH FLOWS**  
Year ended December 31, 2020

	2020	2019
	\$	\$
<b>OPERATING ACTIVITIES</b>		
<i>Excess of revenues over expenses (expenses over revenues) for the year</i>		
General fund	669,171	849,704
Restricted fund	(22,395)	(12,640)
Capital asset fund	7,984,550	98,583
<i>Add (deduct) items not involving cash</i>		
Amortization of capital assets	31,693	38,503
Realized or unrealized loss (gain) on sale of investments	75,727	(257,203)
	<b>8,738,745</b>	716,946
Net change in non-cash working capital balances related to operations		
Accounts receivable	(114,358)	(100,430)
Prepaid expenses and other assets	(85)	(4,631)
Accounts payable and accrued liabilities	231,250	29,151
	116,807	(75,910)
<b>Cash provided by (used in) operating activities</b>	<b>8,855,552</b>	641,036
<b>INVESTING ACTIVITIES</b>		
Purchases of investments	(3,785,983)	(2,106,873)
Proceeds from sale of investments	3,366,150	1,944,430
Purchases of capital assets under development	(241,544)	(16,574)
<b>Cash provided by (used in) investing activities</b>	<b>(661,377)</b>	(179,017)
<b>FINANCING ACTIVITIES</b>		
Changes in long-term debt	24,113	-
<b>Cash provided by (used in) financing activities</b>	<b>24,113</b>	-
<b>Net increase in cash and cash equivalents during the year</b>		
Cash and cash equivalents, beginning of year	751,727	289,708
<b>Cash and cash equivalents, end of year</b>	<b>8,970,016</b>	751,727
<i>See accompanying notes</i>		

**Ronald McDonald House Charities Atlantic Association**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended December 31, 2020

**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 14 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 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, 2020

## **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 generally accepted accounting principles 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 Trustees [the "Board"]. Any funds internally restricted by the Board of Trustees [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, 2020

**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 Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. (Note 13)

**Cash and cash equivalents**

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

**Long-term debt**

Long-term debt is initially measured at fair value, net of transaction costs and financing fees. It is subsequently measured at amortized cost. Transaction costs and financing fees are amortized using the straight-line method.

**Ronald McDonald House Charities Atlantic Association**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended December 31, 2020

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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.

**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:

Land	n/a	
Building	20 years	Straight-line
Computer equipment	3 years	Straight-line
Equipment	5 years	Straight-line
Family room	10 years	Straight-line
Furniture and fixtures	5 years	Straight-line
Software	5 years	Straight-line

Interest is capitalized during the period in which the capital assets are being constructed.

**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. Estimates are used when accounting for items and matters such as estimated useful lives of capital assets and certain accrued liabilities. Actual results could differ from those estimates.

**Ronald McDonald House Charities Atlantic Association**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended December 31, 2020

**3. INVESTMENT INCOME**

Investment income (loss) consists of the following:

	<b>2020</b>	2019
	\$	\$
Interest income	<b>81,980</b>	28,080
Dividends	<b>60,229</b>	59,478
Realized and unrealized gains (losses)	<b>(75,727)</b>	257,203
Management fees	<b>(30,287)</b>	(33,186)
	<b>36,194</b>	311,575

**4. GOVERNMENT REMITTANCES RECEIVABLE**

As at Dec 31, 2020, accounts receivable include government remittances receivable of \$46,607 [2019 - \$25,982].

**5. CAPITAL ASSETS**

Capital assets consist of the following:

	<b>2020</b>		
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net book value</b>
	\$	\$	\$
Land	60,000	-	<b>60,000</b>
Building	1,000,811	971,509	<b>29,302</b>
Computer equipment	21,404	14,655	<b>6,749</b>
Equipment	66,877	65,682	<b>1,195</b>
Paving	5,000	5,000	-
Family room - IWK	291,828	291,828	-
Family room - Moncton	156,380	156,380	-
Furniture and fixtures	3,703	2,592	<b>1,111</b>
Software	21,823	20,712	<b>1,111</b>
	<b>1,627,826</b>	<b>1,528,358</b>	<b>99,468</b>

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**5. CAPITAL ASSETS (continued)**

	2019		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Land	60,000	-	60,000
Building	1,000,811	959,786	41,025
Computer equipment	21,404	11,528	9,876
Equipment	66,877	63,945	2,932
Paving	5,000	5,000	-
Family room - IWK	291,828	291,828	-
Family room - Moncton	156,380	143,349	13,031
Furniture and fixtures	3,703	1,852	1,851
Software	21,823	19,379	2,444
	<b>1,627,826</b>	<b>1,496,667</b>	<b>131,159</b>

**6. LONG-TERM DEBT**

	2020	2019
	\$	\$
Canada Mortgage and Housing Corporation Seed Loan due September 3, 2023. The loan bears no interest.	<b>24,113</b>	-

**7. FUND BALANCES**

The Restricted fund balance consists of the following:

	2020	2019
	\$	\$
<b>Restricted Fund</b>		
Externally restricted	<b>67,320</b>	89,715
<b>Capital Asset Fund</b>		
Externally funded capital assets	<b>7,999,738</b>	-
Capital asset under development	<b>604,385</b>	362,842
Internally funded capital assets	<b>99,468</b>	131,160
	<b>8,703,590</b>	494,002

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**8. INTERFUND TRANSFERS**

Transfers between funds during the year consist of the following:

	<u>General Fund</u>		<u>Restricted Fund</u>		<u>Capital Asset</u>	
	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$
Assets under development	<b>(241,543)</b>	(16,574)			<b>241,543</b>	16,574
Capital (expenses) revenues	<b>16,504</b>	137,086	-	-	<b>(16,504)</b>	(137,086)
	<b>(225,039)</b>	120,512	-	-	<b>225,039</b>	(120,512)

**9. COMMITMENTS**

i) The Association has signed an agreement with an architectural firm for design services of a new Ronald McDonald House in Halifax with a value of \$1,272,750.

ii) The Association has signed a project manager for services of a new Ronald McDonald House in Halifax with a value of \$64,400.

iii) The Association has signed an agreement with a consulting firm for strategic counsel with a value of \$150,000.

**10. FINANCIAL INSTRUMENTS**

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

**Credit risk**

The Organization is exposed to credit risk in connection with its cash, accounts receivable and its short-term and fixed income 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.

**Interest rate risk**

The Organization is exposed to interest rate risk with respect to its fixed rate debt, and 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 Association is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and long-term debt. The Organization considers that it has sufficient funds available to meet its obligations as they come due.



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**11. 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, 2020, the Organization received from Ronald McDonald House Charities, Inc. \$54,151 [2019 - \$Nil]; and the Organization received \$658,279 [2019 - \$813,362] from Ronald McDonald House Charities, Canada.

**12. COMPARATIVE FIGURES**

Certain reclassifications for the year ended December 31, 2020 have been made for purposes of comparability.

**13. 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 shall be allocated based on the following:

	Ronald McDonald House	Ronald McDonald Family Rooms	Unrestricted Fundraising	Management and general	Capital Fundraising
Wages	37.86%	17.86%	30.17%	0.72%	13.39%
Technology and Telephone	37.86%	17.86%	30.17%	0.72%	13.39%
Rent	37.86%	17.86%	30.17%	0.72%	13.39%

**14. SIGNIFICANT EVENT**

On March 11, 2020 the World Health Organization (WHO) categorized COVID-19 a global pandemic. The Province of Nova Scotia declared a state of emergency on March 22, 2020 to help stop the spread of COVID-19.

The Government of Canada initiated various programs to mitigate the impact of the pandemic. In order to manage operating cash flow requirements during the pandemic, the Organization qualified and received government funding through the Canada Emergency Wage Subsidy (CEWS). The Organization continues to operate and the full impact of this event on the Organizations' cash flows is not known at this time.

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**15. PLEDGES**

During the year ended December 31, 2020, the Organization received pledges for the Capital Fund which range from 1-5 years in length. As per section 4420.05 of The Handbook, "Whether or not a pledge will be collected depends on factors outside the organizations 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.