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**RONALD MCDONALD HOUSE CHARITIES ATLANTIC ASSOCIATION**

**FINANCIAL STATEMENTS**

**December 31, 2019**

**RONALD MCDONALD HOUSE CHARITIES ATLANTIC ASSOCIATION  
INDEX  
DECEMBER 31, 2019**

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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, 2019, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, 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, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit Associations.

## 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 contribution and fundraising activities, excess of revenues over expenses and cash flows from operations for the years ended December 31, 2019 and 2018, current assets as at December 31, 2019 and 2018, and net assets as at January 1, 2019 and 2018 and December 31, 2019 and 2018. Our audit opinion on the financial statements for the year ended December 31, 2018 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 opinion.

## 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 Associations, 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  
April 28, 2020

Chartered Professional Accountants

**RONALD MCDONALD HOUSE CHARITIES ATLANTIC ASSOCIATION**  
**STATEMENT OF EARNINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Unrestricted Fund		Restricted Fund		Capital Fund		Total 2019 \$	Total 2018 \$
	2019 \$	2018 \$	2019 \$	2018 \$	2019 \$	2018 \$		
<b>REVENUES</b>								
Contributions (Note 7)	1,017,486	659,257	-	527	362,078	-	1,379,564	659,784
Fundraising activities	335,003	377,979	-	-	-	-	335,003	377,979
Room fees	46,171	47,475	-	-	-	-	46,171	47,475
Grants	249,344	238,946	-	15,000	-	-	249,344	253,946
Other	3,050	3,799	-	-	-	-	3,050	3,799
	<b>1,651,054</b>	<b>1,327,456</b>	<b>-</b>	<b>15,527</b>	<b>362,078</b>	<b>-</b>	<b>2,013,132</b>	<b>1,342,983</b>
<b>EXPENSES</b>								
Amortization	-	-	-	-	38,503	40,132	38,503	40,132
Program	723,579	655,869	12,640	11,002	8,446	-	744,665	666,871
Management and general	40,546	38,532	-	-	-	-	40,546	38,532
Fundraising (Note 10)	348,800	368,836	-	-	216,546	43,264	565,346	412,100
	<b>1,112,925</b>	<b>1,063,237</b>	<b>12,640</b>	<b>11,002</b>	<b>263,495</b>	<b>83,396</b>	<b>1,389,060</b>	<b>1,157,635</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	538,129	264,219	(12,640)	4,525	98,583	(83,396)	624,072	185,348
INVESTMENT INCOME (LOSS) (Note 3)	311,575	(94,556)	-	-	-	-	311,575	- 94,556
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<b>849,704</b>	<b>169,663</b>	<b>(12,640)</b>	<b>4,525</b>	<b>98,583</b>	<b>(83,396)</b>	<b>935,647</b>	<b>90,792</b>

*See accompanying notes to the financial statements*

**RONALD MCDONALD HOUSE CHARITIES ATLANTIC ASSOCIATION  
STATEMENT OF CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Unrestricted Fund		Restricted Fund		Capital Fund		Total 2019 \$	Total 2018 \$
	2019 \$	2018 \$	2019 \$	2018 \$	2019 \$	2018 \$		
<b>FUND BALANCE - beginning of year</b>	<b>3,862,145</b>	4,092,261	<b>102,355</b>	97,830	<b>515,931</b>	199,548	<b>4,480,431</b>	4,389,639
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<b>849,704</b>	169,663	<b>(12,640)</b>	4,525	<b>98,583</b>	(83,396)	<b>935,647</b>	90,792
	<b>4,711,849</b>	4,261,924	<b>89,715</b>	102,355	<b>614,514</b>	116,152	<b>5,416,078</b>	4,480,431
TRANSFERS BETWEEN FUNDS (Note 5)	<b>120,512</b>	(399,779)	-	-	<b>(120,512)</b>	399,779	-	-
<b>FUND BALANCE - end of year</b>	<b>4,832,361</b>	3,862,145	<b>89,715</b>	102,355	<b>494,002</b>	515,931	<b>5,416,078</b>	4,480,431

*See accompanying notes to the financial statements*

**RONALD MCDONALD HOUSE CHARITIES ATLANTIC ASSOCIATION  
STATEMENT OF FUNCTIONAL EXPENSES UNRESTRICTED FUND - 2019  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Programs services				Support services		Total \$
	Ronald McDonald House \$	Ronald McDonald Family Rooms \$	Other program services \$	Total program services \$	Management and general \$	Fundraising \$	
Direct response	-	-	-	-	-	-	-
Donor relationships	-	-	-	-	-	1,761	1,761
Education, training and meetings	2,359	959	-	3,318	3,471	5,543	12,332
Event logistics	-	-	-	-	-	31,914	31,914
Family support and services	4,843	677	-	5,520	-	-	5,520
Insurance	-	-	-	-	-	-	-
Interest and bank charges	924	56	153	1,133	26	6,999	8,158
Laundry and cleaning	16,524	-	-	16,524	-	-	16,524
Maintenance and repairs	15,340	2,489	-	17,829	61	-	17,890
Marketing and communications	1,439	77	580	2,096	7	5,809	7,912
Occupancy	15,714	7,283	-	22,997	7,761	9,504	40,262
Office supplies	3,705	370	57	4,132	114	1,987	6,233
Other	1,438	465	454	2,357	6	1,239	3,602
Postage and courier	406	7	-	413	-	6,344	6,757
Printing	1,513	294	-	1,807	390	3,540	5,737
Professional fees	-	-	-	-	15,930	26,294	42,224
Property tax	3,895	-	-	3,895	-	-	3,895
Technology and telephone	15,228	3,720	1,969	20,917	1,222	23,821	45,960
Travel and meals	5,427	2,631	-	8,058	1,001	7,720	16,779
Utilities	26,409	-	-	26,409	-	-	26,409
Volunteer resources and recognition	2,823	3,060	1,313	7,196	-	778	7,974
Wages and benefits	455,591	123,387	-	578,978	10,557	215,547	805,082
	<u>573,578</u>	<u>145,475</u>	<u>4,526</u>	<u>723,579</u>	<u>40,546</u>	<u>348,800</u>	<u>1,112,925</u>

*See accompanying notes to the financial statements*

**RONALD MCDONALD HOUSE CHARITIES ATLANTIC ASSOCIATION  
STATEMENT OF FUNCTIONAL EXPENSES UNRESTRICTED FUND - 2018  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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	Programs services				Support services		Total 2018 \$
	Ronald McDonald House \$	Ronald McDonald Family Rooms \$	Other program services \$	Total program services \$	Management and general \$	Fundraising \$	
Direct response	-	-	-	-	-	2,699	<b>2,699</b>
Donor relationships	-	27	-	27	-	2,901	<b>2,928</b>
Education, training and meetings	4,726	290	-	5,016	2,470	5,280	<b>12,766</b>
Event logistics	-	-	-	-	-	29,718	<b>29,718</b>
Family support and services	1,549	1,268	30	2,847	359	85	<b>3,291</b>
Insurance	-	-	-	-	5,500	-	<b>5,500</b>
Interest and bank charges	2,022	12	51	2,085	-	3,215	<b>5,300</b>
Maintenance and repairs	10,903	54	-	10,957	134	-	<b>11,091</b>
Marketing and communications	12,247	-	-	12,247	-	4,873	<b>17,120</b>
Memberships and licences	-	-	-	-	716	60	<b>776</b>
Occupancy	27,458	-	-	27,458	327	14,710	<b>42,495</b>
Office supplies	2,767	1,980	336	5,083	-	721	<b>5,804</b>
Other	905	450	3,554	4,909	228	4,370	<b>9,507</b>
Postage and courier	1,428	60	-	1,488	91	239	<b>1,818</b>
Printing	784	183	-	967	-	2,525	<b>3,492</b>
Professional fees	6,450	2,828	-	9,278	15,089	26,531	<b>50,898</b>
Property tax	2,918	-	-	2,918	-	-	<b>2,918</b>
Technology and telephone	18,920	741	-	19,661	1,888	19,215	<b>40,764</b>
Travel and meals	6,088	3,681	-	9,769	5,382	11,922	<b>27,073</b>
Utilities	24,393	-	-	24,393	-	-	<b>24,393</b>
Volunteer resources and recognition	1,155	119	-	1,274	-	149	<b>1,423</b>
Wages and benefits	400,582	114,910	-	515,492	6,348	239,623	<b>761,463</b>
	<b>525,295</b>	<b>126,603</b>	<b>3,971</b>	<b>655,869</b>	<b>38,532</b>	<b>368,836</b>	<b>1,063,237</b>

*See accompanying notes to the financial statements*





**RONALD MCDONALD HOUSE CHARITIES ATLANTIC ASSOCIATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Unrestricted Fund		Restricted Fund		Capital Fund		Total	Total
	2019	2018	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$
<b>CASH PROVIDED BY (USED FOR):</b>								
<b>OPERATING</b>								
Excess (deficiency) of revenues over expenses	849,704	169,663	(12,640)	4,525	98,583	(83,396)	935,647	90,792
Items not affecting cash								
Amortization	-	-	-	-	38,503	40,132	38,503	40,132
Unrealized (gain) loss on investments	(212,929)	245,211	-	-	-	-	(212,929)	245,211
Realized gain on investments	(73,722)	(70,851)	-	-	-	-	(73,722)	- 70,851
	563,053	344,023	(12,640)	4,525	137,086	(43,264)	687,498	305,284
Changes in non-cash working capital items								
Receivables	(135,906)	(30,991)	-	-	-	-	(135,906)	- 30,991
HST recoverable	35,476	(42,664)	-	-	-	-	35,476	- 42,664
Prepays	(4,631)	20,745	-	-	-	-	(4,631)	20,745
Accounts payable and accrued liabilities	29,151	31,814	-	-	-	-	29,151	31,814
	487,143	322,928	(12,640)	4,525	137,086	(43,264)	611,587	284,189
<b>FINANCING</b>								
Interfund transfers (Note 5)	120,512	(399,779)	-	-	(120,512)	399,779	-	-
<b>INVESTING</b>								
Acquisition of capital assets	-	-	-	-	-	(10,247)	-	- 10,247
Increase in capital assets under development	-	-	-	-	(16,574)	(346,268)	(16,574)	- 346,268
Acquisition of investments	(2,106,873)	(1,809,862)	-	-	-	-	(2,106,873)	- 1,809,862
Proceeds on disposal of investments	1,973,877	2,032,399	-	-	-	-	1,973,877	2,032,399
	(132,996)	222,537	-	-	(16,574)	(356,515)	(149,570)	- 133,978
<b>CHANGE IN CASH</b>	<b>474,659</b>	<b>145,685</b>	<b>(12,640)</b>	<b>4,525</b>	<b>-</b>	<b>-</b>	<b>462,019</b>	<b>150,210</b>
<b>CASH - beginning of year</b>	<b>187,353</b>	<b>41,668</b>	<b>102,355</b>	<b>97,830</b>	<b>-</b>	<b>-</b>	<b>289,708</b>	<b>139,498</b>
<b>CASH - end of year</b>	<b>662,012</b>	<b>187,353</b>	<b>89,715</b>	<b>102,355</b>	<b>-</b>	<b>-</b>	<b>751,727</b>	<b>289,708</b>

*See accompanying notes to the financial statements*

**RONALD MCDONALD HOUSE CHARITIES ATLANTIC ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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**1. NATURE OF OPERATIONS**

Ronald McDonald House Charities Atlantic Association (the 'Association'), is a Nova Scotia registered charitable organization formed in 1981. The mission of the Association is to create, fund and support programs that directly improve health and well-being of children and their families. The Association supports seriously ill or disabled children by providing them and their families a caring and supportive "home away from home" and by extending this care to the hospital setting in Maritime communities through the Ronald McDonald Family Room Program.

**2. SIGNIFICANT ACCOUNTING POLICIES**

Basis of accounting

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

Fund accounting

*Unrestricted fund*

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

*Restricted Fund*

The Restricted fund reports resources that are to be used for specific purposes as specified by the donor.

*Capital fund*

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

Cash

Cash consists of cash on hand and a bank balance held with a financial institution.

Capital assets

On acquisition capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets are measured at cost less accumulated amortization. Amortization is provided for using the following rates and method over the estimated useful lives as follows:

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

Impairment of long-lives assets

Long-lives assets are tested for impairment whenever events or changes in circumstances indicate that their service potential may not be realized. When a capital asset no longer has any long-term service potential to the Association, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of earnings. Any write-downs recognized are not reversed.

Income taxes

The Association 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.

**RONALD MCDONALD HOUSE CHARITIES ATLANTIC ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue recognition

The Association follows the restricted fund method of accounting for contributions.

Restricted contributions, grants, fundraising, room fees and other revenue are recorded in the appropriate fund 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 Unrestricted fund when received.

Restricted contributions for use toward capital assets initiatives are recognized as revenue of the Capital Fund when initially received.

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, wages, occupancy and telephone expenses have been allocated among the programs and supporting services benefited based on FTEs.

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 date of the balance sheet. Non-monetary assets and liabilities are translated at the historic rate. Exchange gains and losses are included in the statement of earnings, except to the extent that they relate to investments, in which case they are accounted for consistent with investment income.

Financial instruments

*Measurement of financial instruments*

The Association initially measures its financial assets and financial liabilities at fair value.

The Association subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments which are quoted in an active market and measured at fair value. Changes in fair value are recognized in excess of revenues over expenses.

Financial assets measured at amortized cost include cash and receivables.

Financial assets measured at fair value include investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

*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.

Contributed goods and services

The Association benefits from donated services in the form of volunteer time and goods as support for various programs and objectives of the Association. Due to the difficulty of determining their fair value, these contributed goods and services are not recognized in these financial statements.

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 and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues 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, 2019**

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**3. INVESTMENT INCOME**

	2019	2018
	\$	\$
Investment income is comprised of following items:		
Dividends	59,478	51,197
Interest	28,080	31,536
Realized gain on disposal of investments	73,722	70,851
Unrealized gain (loss) on investments	212,929	(245,211)
Unrealized foreign exchange (gain) loss	(29,448)	30,579
Investment management fees	(33,186)	(33,508)
	<b>311,575</b>	<b>(94,556)</b>

**4. CAPITAL ASSETS**

	Cost	Accumulated Amortization	Net 2019	Net 2018
	\$	\$	\$	\$
Land	60,000	-	60,000	60,000
Building	1,000,811	959,786	41,025	56,750
Computer equipment and equipment	88,281	75,473	12,808	17,874
Family room - Moncton	156,380	143,349	13,031	28,670
Family room - IWK	291,828	291,828	-	-
Furniture and fixtures	3,703	1,852	1,851	2,592
Paving	5,000	5,000	-	-
Software	21,823	19,378	2,445	3,777
	<b>1,627,826</b>	<b>1,496,666</b>	<b>131,160</b>	<b>169,663</b>

**5. INTERFUND TRANSFERS**

During the year, funds were transferred between Unrestricted and Capital Funds as follows.

	Unrestricted Fund		Capital Fund	
	2019	2018	2019	2018
	\$	\$	\$	\$
Acquisition of capital assets	-	(10,247)	-	10,247
Acquisition of capital assets under development	(16,574)	(346,268)	16,574	346,268
Capital (expenses) revenues	137,086	(43,264)	(137,086)	43,264
	<b>120,512</b>	<b>(399,779)</b>	<b>(120,512)</b>	<b>399,779</b>

**6. COMMITMENTS**

i) The Association has signed an agreement with an architectural firm for design services of a new Ronald McDonald House in Halifax.

ii) The Association has signed a project manager for services of a new Ronald McDonald House in Halifax.

**7. 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 Association 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, 2019, the Association received \$813,362 (2018 - \$646,592) from Ronald McDonald House Charities, Canada.

**RONALD MCDONALD HOUSE CHARITIES ATLANTIC ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**8. FINANCIAL INSTRUMENTS**

*Risks and concentrations*

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the Association's risk exposure and concentration at December 31, 2019.

It is management's opinion that the Association is not exposed to significant interest rate risk from its financial instruments. The risks arising on financial instruments are limited to the following:

*Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Association to concentrations of credit risk consist of cash, receivable and investments. The Association deposits its cash in and purchases investments from reputable financial institutions and therefore believes the risk of loss to be remote. The Association is exposed to credit risk from outstanding receivable balances. The Association believes this credit risk is minimized as the Association has a large and diverse receivable base. A provision for impairment of accounts receivable is established when there is objective evidence that the Association will not be able to collect all amounts due.

*Liquidity risk*

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Association generates sufficient cash flow from operating activities to fund operations and fulfill obligations as they become due.

*Market risk*

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Association is mainly exposed to currency and other price risk.

*Currency risk*

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Certain assets are exposed to foreign exchange fluctuations. As at December 31, 2019, cash and investments of \$38,893 and \$598,318 (2018 - \$29,155; \$605,400) respectively are reported in US dollars and converted into Canadian dollars. The Association has not entered into foreign exchange contracts to hedge this risk.

*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 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.

**9. COMPARATIVE FIGURES**

The comparative figures included in these financial statements have been restated to conform with the accounting standards adopted for the current year.

**10. FUNDRAISING EXPENSES**

The fundraising expenses are higher than normal as RMHC Atlantic prepares for the capital campaign to build a new house. The additional costs will not be incurred once enough funds have been raised to build the new house.

**11. ALLOCATION OF EXPENSES**

It is the policy to charge expenses to the appropriate category or 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	Other program Services	Unrestricted Fundraising	Management and general	Capital Fundraising
Wages	37.86%	17.86%	0.36%	30.17%	0.36%	13.39%
Technology and Telephone	37.86%	17.86%	0.36%	30.17%	0.36%	13.39%
Rent	37.86%	17.86%	0.36%	30.17%	0.36%	13.39%

## **12. SUBSEQUENT EVENTS**

On March 11, 2020, the World Health Organization (WHO) announced a pandemic due to a rapid increase in global exposure of a new strain of coronavirus (COVID-19). The outbreak of COVID-19 is having a significant negative impact on world financial markets and general business activities. The Province of Nova Scotia declared a provincial state of emergency on March 22, 2020 to help stop the spread of COVID-19 and the timing of recovery is unknown.

This outbreak has resulted in a postponement in special event fundraising activities. Additionally, the outbreak could adversely impact the value the Chapter's investment portfolio. As at March 31, 2020, the fair market value of the Chapter's investment portfolio had incurred an 6% decrease from the balance sheet date.