

**RONALD MCDONALD HOUSE CHARITIES ALBERTA SOCIETY**

**Financial Statements**

**Year Ended December 31, 2021**

**RONALD MCDONALD HOUSE CHARITIES ALBERTA SOCIETY**

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**Year Ended December 31, 2021**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Ronald McDonald House Charities Alberta Society

### *Qualified Opinion*

We have audited the financial statements of Ronald McDonald House Charities Alberta Society (the Organization), which comprise the statement of financial position as at December 31, 2021, 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 the Organization as at December 31, 2021, and the results of its operations and 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. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2021, current assets and net assets as at December 31, 2021. The predecessor auditor's opinion on the financial statements for the year ended December 31, 2020 was modified accordingly because of the possible effects of this limitation of 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 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 audit opinion.

### *Emphasis of Matter*

We draw attention to Note 4 to the financial statements which describes that certain comparative information presented for the year ended December 31, 2020 has been restated. Our opinion is not modified in respect of this matter.

### *Other Matter*

The financial statements for the year ended December 31, 2020 were audited by another auditor who expressed a qualified opinion on those financial statements on May 5, 2021 for the reasons described in the *Basis for Qualified Opinion* section.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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.

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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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*King + Company*

Edmonton, AB  
April 27, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS

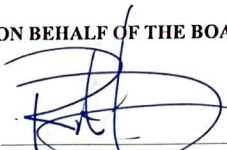
**RONALD MCDONALD HOUSE CHARITIES ALBERTA SOCIETY**

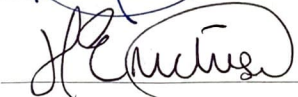
**Statement of Financial Position**

**As at December 31**

	2021	2020 <i>(Restated - Note 4)</i>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash <i>(Note 5)</i>	\$ 3,597,096	\$ 4,541,759
Accounts receivable <i>(Note 12)</i>	660,948	621,029
Prepaid expenses	84,405	76,639
Short-term investments <i>(Note 6)</i>	<u>5,049,184</u>	<u>5,650,335</u>
	9,391,633	10,889,762
<b>INVESTMENTS <i>(Note 6)</i></b>	<b>19,757,675</b>	<b>15,908,632</b>
<b>INVESTMENT IN PROPERTY</b>	<b>1,546,991</b>	<b>1,891,991</b>
<b>LONG-TERM PREPAID EXPENSE <i>(Note 7)</i></b>	<b>467,189</b>	<b>472,911</b>
<b>CAPITAL ASSETS <i>(Note 8)</i></b>	<b><u>24,636,216</u></b>	<b><u>24,863,766</u></b>
	<b><u>\$ 55,799,704</u></b>	<b><u>\$ 54,027,062</u></b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 199,055	\$ 202,226
Current portion of long-term debt <i>(Note 9)</i>	<u>36,855</u>	<u>37,658</u>
	235,910	239,884
<b>DEFERRED CONTRIBUTIONS <i>(Note 10)</i></b>	<b>2,075,490</b>	<b>2,615,071</b>
<b>LONG-TERM DEBT <i>(Note 9)</i></b>	<b><u>-</u></b>	<b><u>36,855</u></b>
	<b><u>2,311,400</u></b>	<b><u>2,891,810</u></b>
<b>FUND BALANCES</b>		
General fund <i>(Note 11)</i>	26,136,919	21,824,862
Capital asset fund <i>(Note 11)</i>	<u>27,351,385</u>	<u>29,310,390</u>
	<b><u>53,488,304</u></b>	<b><u>51,135,252</u></b>
	<b><u>\$ 55,799,704</u></b>	<b><u>\$ 54,027,062</u></b>

**ON BEHALF OF THE BOARD**

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

See accompanying notes to financial statements

**RONALD MCDONALD HOUSE CHARITIES ALBERTA SOCIETY**

**Statement of Operations**

**Year Ended December 31**

	General fund 2021	General fund 2020	Capital asset fund 2021	Capital asset fund 2020	Total 2021	Total 2020
<b>REVENUE</b>						
Contributions and donations	\$ 7,822,539	\$ 5,572,344	\$ -	\$ 307,763	\$ 7,822,539	\$ 5,880,107
COVID-19 subsidies and grants (Note 14)	537,942	1,285,914	-	-	537,942	1,285,914
RMH room fees	266,979	266,064	-	-	266,979	266,064
Other	10,011	6,010	-	-	10,011	6,010
	<u>8,637,471</u>	<u>7,130,332</u>	<u>-</u>	<u>307,763</u>	<u>8,637,471</u>	<u>7,438,095</u>
<b>EXPENSES</b>						
Program	3,792,885	3,615,105	-	-	3,792,885	3,615,105
Fundraising (Note 15)	1,661,061	1,390,218	-	-	1,661,061	1,390,218
Management and general	950,963	975,165	-	-	950,963	975,165
Amortization of capital assets and land lease	-	-	829,428	864,541	829,428	864,541
	<u>6,404,909</u>	<u>5,980,488</u>	<u>829,428</u>	<u>864,541</u>	<u>7,234,337</u>	<u>6,845,029</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER REVENUE AND EXPENSES</b>						
	<u>2,232,562</u>	<u>1,149,844</u>	<u>(829,428)</u>	<u>(556,778)</u>	<u>1,403,134</u>	<u>593,066</u>
<b>OTHER REVENUE (EXPENSES)</b>						
Donated goods and services (Note 13)	1,298,248	863,721	43,108	-	1,341,356	863,721
Investment income (Note 6)	1,294,495	1,154,455	-	-	1,294,495	1,154,455
Loss on disposal of property and capital assets	-	-	(344,577)	-	(344,577)	-
Donated goods and services (Note 13)	(1,298,248)	(858,457)	(43,108)	-	(1,341,356)	(858,457)
	<u>1,294,495</u>	<u>1,159,719</u>	<u>(344,577)</u>	<u>-</u>	<u>949,918</u>	<u>1,159,719</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>						
	<u>\$ 3,527,057</u>	<u>\$ 2,309,563</u>	<u>\$ (1,174,005)</u>	<u>\$ (556,778)</u>	<u>\$ 2,353,052</u>	<u>\$ 1,752,785</u>

See accompanying notes to financial statements

**RONALD MCDONALD HOUSE CHARITIES ALBERTA SOCIETY****Statement of Changes in Fund Balances****Year Ended December 31**

	General fund	Capital asset fund	2021	2020
<b>FUND BALANCES - BEGINNING OF YEAR</b>				
As previously reported	\$ 21,824,862	\$ 29,310,390	\$ 51,135,252	\$ 49,600,037
Restatement of comparative information	-	-	-	(217,570)
As restated	21,824,862	29,310,390	51,135,252	49,382,467
Excess (deficiency) of revenue over expenses	3,527,057	(1,174,005)	2,353,052	1,752,785
Interfund transfers (Note 11)	785,000	(785,000)	-	-
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 26,136,919</b>	<b>\$ 27,351,385</b>	<b>\$ 53,488,304</b>	<b>\$ 51,135,252</b>

*See accompanying notes to financial statements*

**RONALD MCDONALD HOUSE CHARITIES ALBERTA SOCIETY****Statement of Cash Flows****Year Ended December 31**

	2021	2020
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 2,353,052	\$ 1,752,785
Items not affecting cash:		
Amortization of capital assets	823,706	858,820
Amortization of land lease	5,722	5,721
Loss on disposal of capital assets	344,577	-
Unrealized loss on investments	322,986	638,575
Contributed capital assets	(43,108)	-
Contributed investments	(45,822)	(49,434)
	<u>3,761,113</u>	<u>3,206,467</u>
Changes in non-cash working capital:		
Amounts receivable	(39,919)	149,253
Prepaid expenses	(7,766)	(18,189)
Accounts payable and accrued liabilities	(3,172)	(144,225)
Deferred contributions	(539,581)	910,912
	<u>(590,438)</u>	<u>897,751</u>
Cash flow from operating activities	<u>3,170,675</u>	<u>4,104,218</u>
<b>INVESTING ACTIVITIES</b>		
Proceeds on disposal of property	285,000	-
Purchase of capital assets	(837,625)	(877,993)
Purchase of investments (net)	(3,525,055)	(1,839,978)
Cash flow used by investing activities	<u>(4,077,680)</u>	<u>(2,717,971)</u>
<b>FINANCING ACTIVITY</b>		
Repayment of long-term debt	(37,658)	(35,647)
<b>(DECREASE) INCREASE IN CASH</b>	<b>(944,663)</b>	<b>1,350,600</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>4,541,759</b>	<b>3,191,159</b>
<b>CASH - END OF YEAR</b>	<b>\$ 3,597,096</b>	<b>\$ 4,541,759</b>

*See accompanying notes to financial statements*



# RONALD MCDONALD HOUSE CHARITIES ALBERTA SOCIETY

## Notes to Financial Statements

Year Ended December 31, 2021

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### 1. NATURE OF OPERATIONS

Ronald McDonald House Charities® Alberta (the Organization) is a not-for-profit, charitable organization formed in October 2018 under the Societies Act of Alberta, as a result of the amalgamation of Ronald McDonald House Charities® Northern Alberta and Ronald McDonald House Charities® Southern & Central Alberta. 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.

The Organization is registered as a Canadian charitable organization under the Income Tax Act (Canada) and, accordingly, is exempt from income taxes.

The Organization is also registered under The Charitable Fundraising Regulation of Alberta and has considered all required disclosures under Section 7(2) of the Regulation in preparing the financial statements.

The Organization fulfills its 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 Alberta.

#### **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 programs located in Calgary, Edmonton, Medicine Hat and Red Deer, 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 Care Mobile**

The Ronald McDonald Care Mobile (RMCM) program was established to provide mobile access to pediatric medical, dental and/or health education services. In 2021, the Organization's operating license for the RMCM program reached maturity and was not renewed.

# RONALD MCDONALD HOUSE CHARITIES ALBERTA SOCIETY

## Notes to Financial Statements

Year Ended December 31, 2021

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### 2. COVID-19

In March 2020, the World Health Organization declared the COVID-19 outbreak a worldwide pandemic. This has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include restrictions on events and gatherings, the implementation of travel bans, quarantine periods and physical distancing, have caused material disruption to businesses globally, resulting in an economic slowdown. Governments and central banks have introduced significant monetary and fiscal relief programs designed to stabilize economic conditions; however, the situation is dynamic, and the success of these interventions is not currently determinable.

Management has assessed the financial impact of COVID-19 at December 31, 2021, including the collectibility of receivables, valuation of assets, assessment of provisions and impact on its borrowing agreements. COVID-19 may impact the future operations of the Organization through reduced revenues. To mitigate any potential operational constraints associated with cash flow, management has applied for government relief and grants where applicable.

The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Organization is not known at this time. The Organization will continue to monitor the impacts of the pandemic on the community that it serves and its employees and continue to adjust to the volatile situation.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of presentation**

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

#### **Change in significant accounting policy**

##### **Financial Instruments - Related Party Transactions**

The Organization applied the amendments to Financial Instruments, Section 3856, relating to the recognition of financial instruments originated or exchanged in a related party transaction effective January 1, 2021.

Under these new requirements, such a financial instrument is initially measured at cost, which is determined depending on whether the instrument has repayment terms.

Subsequent measurement depends on the initial method used and is usually at cost less any reduction for impairment.

The adoption of these new requirements had no impact on the Organization's financial statements.

#### **Measurement uncertainty**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

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# RONALD MCDONALD HOUSE CHARITIES ALBERTA SOCIETY

## Notes to Financial Statements

Year Ended December 31, 2021

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### 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### **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 capital asset fund reports resources that are restricted to the Organization's capital asset purchases, replacements or maintenance initiatives.

#### **Revenue recognition**

Ronald McDonald House Charities Alberta Society follows the restricted fund method of accounting for contributions.

Contributions 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. Externally restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. Externally restricted contributions for use towards capital asset initiatives are recognized as revenue of the capital asset fund when initially recognized in the accounts. All other externally restricted contributions for which no appropriate fund exists are recognized in the general fund as deferred and recognized as revenue when the associated expenses are recognized.

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

Revenue from fundraising is recognized as revenue in the corresponding fund as appropriate in the year received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.

Investment income consists of interest, dividends, income distributions from pooled funds, realized gains and losses, and unrealized gains and losses. Unrestricted investment income earned on General Fund resources is recognized as revenue of the General Fund. Investment income earned on capital asset fund resources that is restricted to be spent on donor-restricted activities is recognized as revenue of the Capital Asset Fund. Investment losses are recognized in a manner consistent with investment income.

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.

The Organization receives government subsidies that provide immediate financial assistance as compensation for costs or expenditures to be incurred. The Organization recognizes government subsidies as revenue when received or receivable and when there is reasonable assurance that conditions attached to the subsidies are met.

#### **Cash**

Cash and restricted cash is comprised of cash held in financial institutions.

#### **Foreign currency translation**

Accounts in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities have been translated at the year end exchange rate. Non-monetary assets have been translated at the rate of exchange prevailing at the date of transaction. Revenues and expenses have been translated at the average rates of exchange during the year.

Foreign exchange gains and losses on monetary assets and liabilities are included in the determination of earnings.

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# RONALD MCDONALD HOUSE CHARITIES ALBERTA SOCIETY

## Notes to Financial Statements

Year Ended December 31, 2021

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### 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### **Financial instruments**

##### Initial measurement

The Organization initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Organization is in the capacity of management, are initially measured at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If it does, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the organization in the transaction.

##### Subsequent measurement

The Organization subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in earnings in the period incurred.

Financial assets measured at amortized cost include cash, accounts receivable, investments, accounts payable, and long-term debt.

##### Transaction costs

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in earnings in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in earnings over the life of the instrument using the straight-line method.

##### Impairment

For financial assets measured at cost or amortized cost, the Organization determines whether there are indications of possible impairment. When there are, and the Organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in earnings. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may be 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 the reversal is recognized in earnings.

#### **Contributed materials and services**

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

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# RONALD MCDONALD HOUSE CHARITIES ALBERTA SOCIETY

## Notes to Financial Statements

Year Ended December 31, 2021

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### 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets are amortized over their estimated useful lives on a straight-line basis at the following rates:

Buildings	35 - 50 years	straight-line method
Motor vehicles	3 - 5 years	straight-line method
Computer software	2 - 5 years	straight-line method
Furniture and fixtures	5 - 10 years	straight-line method

The Organization regularly reviews its capital assets to eliminate obsolete items. Government grants are treated as a reduction of capital assets cost.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Construction-in-progress is not subject to amortization until the project has been completed and the asset is put in use. There is no amortization taken on land or artwork.

#### Investment in property

Investment in property is recorded at cost. Investment in property consists of land and buildings held as a long-term investment.

#### Impairment of long lived assets

The Organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

### 4. RESTATED COMPARATIVE INFORMATION

During the 2021 year, the Organization determined that externally restricted funds received from Alberta Gaming, Liquor and Cannabis ("AGLC") in 2019 and prior years were recognized when received and not deferred and recognized when the eligible expenditures were incurred. Accordingly, the comparative figures presented in these financial statements have been adjusted as follows:

- a) Fund balances previously reported as at January 1, 2020 of \$49,600,037 have been decreased by \$217,570 to \$49,382,467;
- b) General fund balances previously reported as at December 31, 2020 of \$22,042,432 have been decreased by \$217,570 to \$21,824,862; and
- c) Deferred contributions previously reported as at December 31, 2020 of \$2,397,501 have increased by \$217,570 to \$2,615,071.

The effects of the aforementioned adjustments had no impact on previously reported excess of revenue over expenses of the Organization for the year ended December 31, 2020.

# RONALD MCDONALD HOUSE CHARITIES ALBERTA SOCIETY

## Notes to Financial Statements

Year Ended December 31, 2021

### 5. CASH

Cash includes \$283,818 (2020 - \$217,570) restricted in use by the Alberta Gaming, Liquor and Cannabis Commission (AGLC). These funds are held in separate deposit accounts with a Canadian Chartered Bank, consistent with the Organization's licensing requirements with AGLC.

### 6. INVESTMENTS

Investments, all of which are recorded at fair market value, have an asset mix as follows:

	<u>2021</u>	<u>2020</u>
<b><u>Short-term investments</u></b>		
Cash held by investment managers	\$ 1,031,546	\$ 129,491
Fixed income	4,017,638	-
Guaranteed investment certificates	-	5,520,844
	<u>\$ 5,049,184</u>	<u>\$ 5,650,335</u>
<b><u>Long-term investments</u></b>		
Fixed income	\$ 5,006,708	\$ 7,027,122
Equities and pooled funds	14,750,967	8,881,510
	<u>\$ 19,757,675</u>	<u>\$ 15,908,632</u>
<b><u>Investment income consists of the following:</u></b>		
Dividends	\$ 607,511	\$ 77,058
Foreign income	425,112	30,834
Unrealized and realized gains	250,434	413,347
Interest income	104,714	146,692
Pooled fund distributions	-	572,944
Management fees	(93,276)	(86,420)
	<u>\$ 1,294,495</u>	<u>\$ 1,154,455</u>

### 7. LONG-TERM PREPAID EXPENSE

The land on which the Calgary building is located has been subleased for one dollar from Alberta Health Services (formerly Calgary Health Region) for 90 years commencing January 1, 2005.

In 2015, the sublease agreement was amended to include an additional parcel of land of approximately 1.26 acres in size for future capital expansion purposes. In consideration of the amendment to the sublease, the Organization prepaid \$500,000. This amount is reflected in the financial statements as a long-term prepaid expense and amortized over the life of the lease.

# RONALD MCDONALD HOUSE CHARITIES ALBERTA SOCIETY

## Notes to Financial Statements

Year Ended December 31, 2021

### 8. CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Land	\$ 4,240,862	\$ -	\$ 4,240,862	\$ 3,859,659
Buildings	28,588,471	9,077,009	19,511,462	19,986,033
Construction in progress - Calgary	263,565	-	263,565	198,290
Furniture and fixtures	2,457,351	2,121,295	336,056	215,507
Artwork	262,839	-	262,839	262,239
Computer equipment	256,022	236,756	19,266	59,211
Motor vehicles	122,948	120,782	2,166	24,825
Caremobile	-	-	-	258,002
	<b>\$ 36,192,058</b>	<b>\$ 11,555,842</b>	<b>\$ 24,636,216</b>	<b>\$ 24,863,766</b>

### 9. LONG-TERM DEBT

	2021	2020
Capital lease obligation at an implicit interest rate of 5.76-8.04% per annum, maturing November 2022. Monthly principal plus interest payments of \$2,686.	\$ 33,028	\$ 63,557
Capital lease obligation at an implicit interest rate of 7.68% per annum, maturing January 2023. Monthly principal plus interest payments of \$261.	3,089	5,871
Capital lease obligation at an implicit interest rate of 2.689% per annum, maturing February 2022. Monthly principal plus interest payments of \$370.	738	5,085
	<b>36,855</b>	74,513
Less current portion	<b>(36,855)</b>	(37,658)
	<b>\$ -</b>	\$ 36,855

The net book value of assets under capital leases at December 31, 2021 was \$18,463 (2020 - \$68,611).

### 10. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent resources externally restricted for program expenses in future years for which a corresponding fund does not exist. Changes in the deferred contributions balances are as follows:

	2021	2020 <i>(Restated - Note 4)</i>
Balance, beginning of year	\$ 2,615,071	\$ 1,704,159
Amounts received during the year	396,342	1,554,408
Amounts recognized as revenues during the year	(935,923)	(643,496)
Balance, end of year	<b>\$ 2,075,490</b>	\$ 2,615,071

# RONALD MCDONALD HOUSE CHARITIES ALBERTA SOCIETY

## Notes to Financial Statements

Year Ended December 31, 2021

### 11. FUND BALANCES

	<u>2021</u>	<u>2020</u>
<b>General fund</b>		
Unrestricted (Restated - Note 4)	\$ 16,136,919	\$ 21,824,862
Internally restricted for capital and facility expansion	<u>10,000,000</u>	<u>-</u>
	<u>26,136,919</u>	<u>21,824,862</u>
<b>Capital asset fund</b>		
Externally restricted	1,204,597	2,128,711
Internally funded capital assets	26,146,788	26,681,679
Amounts set aside by the Board for future projects	<u>-</u>	<u>500,000</u>
	<u>27,351,385</u>	<u>29,310,390</u>
	<u>\$ 53,488,304</u>	<u>\$ 51,135,252</u>

During the year, the Board restricted \$10,000,000 exclusively for capital and facility expansion.

Externally restricted amounts reported in the capital asset fund represent unspent resources for capital maintenance and capital projects. In 2021, the Organization resolved to discontinue the Caremobile program and the \$500,000 set aside for investment in a new Caremobile was resolved to be unrestricted and transferred to the general fund. During 2021, an interfund transfer was made that transferred \$285,000 from the capital fund to the general fund due to the sale of investment property.

### 12. RELATED PARTY TRANSACTIONS

RMHC is a system of independent, separately registered public benefit organizations, referred to as Chapters within the global organizations. 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, 2021, the Organization received from Ronald McDonald House Charities, Global, \$6,067 CDN or \$5,000 USD (2020 - \$129,164 CDN or \$95,197 US), and \$1,990,860 CDN (2020 - \$1,637,926 CDN) from Ronald McDonald House Charities, Canada.

Included in accounts receivable is \$133,859 (2020 - \$77,000) receivable from Ronald McDonald House Charities, Canada.

### 13. DONATED GOODS AND SERVICES

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

	<u>2021</u>	<u>2020</u>
Programming	\$ 953,723	\$ 506,417
Fundraising	<u>387,633</u>	<u>357,304</u>
	<u>\$ 1,341,356</u>	<u>\$ 863,721</u>



# RONALD MCDONALD HOUSE CHARITIES ALBERTA SOCIETY

## Notes to Financial Statements

Year Ended December 31, 2021

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### 14. COVID-19 SUBSIDIES AND GRANTS

As part of the Government of Canada's COVID-19 Economic Response plan, the Organization received funding through the following programs.

#### Canada Emergency Wage Subsidy

As a result of COVID-19, the Organization received the Canada Emergency Wage Subsidy to cover a portion of its employee wages during the year in the amount of \$455,889 (2020 - \$1,042,318).

#### Other COVID-19 grants

The Organization also received government subsidies which provide immediate financial assistance for expenditures incurred in the areas of providing families with meals, accommodation and travel expense relief from the following programs:

- a) The Organization received grants from the Family and Community Support Services (FCSS) in the amount of \$nil (2020 - \$115,000), of which \$5,742 was deferred as at December 31, 2020 and recognized in 2021 as revenue.
- b) The Organization received grants from the United Way in the amount of \$nil (2020 - \$188,399), of which \$62,661 was deferred as at December 31, 2020 and recognized in 2021 as revenue.
- c) The Organization received grants from the Medicine Hat Community Foundation in the amount of \$nil (2020 - \$17,250), of which \$13,650 was deferred as at December 31, 2020 and recognized in 2021 as revenue.
- d) The Organization received grants from the Community of Northwestern Alberta in the amount of \$nil (2020 - \$5,000)

### 15. CHARITABLE FUNDRAISING

As required under section 7(2) of the Charitable Fundraising Regulation in Alberta, the following amounts are disclosed:

	<u>2021</u>	<u>2020</u>
Gross contributions received	<b>\$ 9,163,895</b>	\$ 6,743,828
Total amount paid as remuneration to employees whose duties involve fundraising	<b>878,932</b>	875,473
Event and other fundraising expenses	<b>579,303</b>	260,475
Direct benefit to donors	<b>202,826</b>	254,270
	<b><u>1,661,061</u></b>	<u>1,390,218</u>

# RONALD MCDONALD HOUSE CHARITIES ALBERTA SOCIETY

## Notes to Financial Statements

Year Ended December 31, 2021

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### 16. ALLOCATION OF EXPENSES

The Organization allocates expenses by identifying an appropriate basis of allocation which includes full-time equivalents, time spent on specific activities, and square footage.

General management and program salary expenses are based on proportional hours attributable to the function.

General management and program salaries expenses of \$1,791,034 (2020 - \$1,867,448) have been allocated as follows:

	<u>2021</u>	<u>2020</u>
Programming	\$ 802,036	\$ 930,437
Management and general	600,413	501,293
Fundraising	388,585	435,718
	<u>\$ 1,791,034</u>	<u>\$ 1,867,448</u>

### 17. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as of December 31, 2021.

#### Credit risk

The Organization is exposed to credit risk principally in connection with its cash, accounts receivable and 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 holds its' cash and investments with reputable Canadian Chartered Banks and associated brokerages and it is managements opinion that its' exposure to credit risks from these financial assets is minimal.

#### Interest rate risk

The Organization is exposed to interest rate risk with respect to its investments in fixed income securities and fixed-rate debt, which subjects the Organization to a fair value risk.

#### Market risk

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