

THE CHILDREN'S FAMILY HOUSE SOCIETY OF B.C.

FINANCIAL STATEMENTS

For the year ended December 31, 2020

**The Children’s Family House Society of B.C.
Financial Statements
For the year ended December 31, 2020**

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Independent Auditor's Report

To the Members of Children's Family House Society of B.C.

Qualified Opinion

We have audited the accompanying financial statements of The Children's Family House Society of B.C. (the "Society"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations 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 Society 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 Society derives revenue from donations 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 Society. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the periods ended December 31, 2020 and 2019, current assets as at December 31, 2020 and 2019, and net assets as at January 1 and December 31 for both the 2020 and 2019 periods. 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 Society 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 audit 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 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

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

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

BDO Canada LLP

Chartered Professional Accountants,

Vancouver, British Columbia
May 5, 2021

The Children's Family House Society of B.C.

STATEMENT OF FINANCIAL POSITION
Year Ended December 31, 2020

	December 31 2020	December 31 2019
ASSETS		
Current assets		
Cash and cash equivalents (Note 2)	\$ 2,744,202	\$ 2,490,966
Accounts receivable	281,605	489,392
Prepaid expenses and other assets	92,457	38,242
Total current assets	3,118,265	3,018,600
Restricted Cash (Note 5)	105,771	80,685
Investments - Internally Restricted (Note 3 and Note 6)	17,950,906	17,193,685
Investments - Other (Note 3)	1,400,000	-
Capital assets (Note 4)	27,051,342	27,340,380
Total assets	49,626,284	47,633,350
LIABILITIES AND FUND BALANCES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 216,550	\$ 222,484
Deferred revenue	292,377	254,792
Total current liabilities	508,927	477,276
FUND BALANCES		
Unrestricted fund	\$ 4,009,339	\$ 2,566,325
Externally restricted fund (Note 5)	105,769	80,684
Internally restricted fund (Note 6)	17,950,906	17,193,685
Capital asset fund	27,051,343	27,315,381
Total fund balances	49,117,357	47,156,074
Total liabilities and fund balances	49,626,284	47,633,350

On behalf of the Board:

Director

Director

The Children's Family House Society of B.C.

STATEMENT OF OPERATIONS
Year ended December 31, 2020

	Unrestricted	Restricted	Internally Restricted	Capital Asset	Total
REVENUES AND OTHER SUPPORT					
Contributions - Donations and Grants	\$ 2,394,924	49,000		25,000	2,468,924
-Donations and Grants - McDonald's	1,003,510				1,003,510
Fundraising Activities/Events	776,730				776,730
RMH Room donations/fees	510,005				510,005
Total revenues and other support	\$ 4,685,169	49,000	-	25,000	4,759,169
EXPENSES					
Program	\$ 2,482,906	23,914		584,113	3,090,933
Management and general	836,453				836,453
Fundraising	1,097,445				1,097,445
Total expenses	\$ 4,416,804	23,914	-	584,113	5,024,831
Excess of operating revenues over expenses	\$ 268,365	25,086	-	(559,113)	(265,662)
Canada Emergency Wage Subsidy	541,456				541,456
Investment income, net	23,232	-	757,221	-	780,453
Bequests	905,036				905,036
Excess of revenues over expenses	\$ 1,738,089	25,086	757,221	(559,113)	1,961,283
Fund balances, beginning of year	\$ 2,566,325	80,684	17,193,685	27,315,381	47,156,074
Transfers between funds - capital asset additions	(295,075)			295,075	-
Fund balances, end of year	\$ 4,009,339	105,769	17,950,906	27,051,343	49,117,357

The Children's Family House Society of B.C.

STATEMENT OF OPERATIONS
Year ended December 31, 2019

	Unrestricted	Restricted	Internally Restricted	Capital Asset	Total
REVENUES AND OTHER SUPPORT					
Contributions - Donations and Grants	\$ 1,846,720	59,500		25,000	1,931,220
-Donations and Grants - McDonald's	1,381,575				1,381,575
Fundraising Activities/Events	1,668,098				1,668,098
RMH Room Donations/Fees	693,283				693,283
Capital Pledges (Note 13)					
Total revenues and other support	\$ 5,589,676	59,500	-	25,000	5,674,176
EXPENSES					
Program	\$ 2,375,502	47,723		734,002	3,157,227
Management and general	925,453				925,453
Fundraising	1,429,884				1,429,884
Total expenses	\$ 4,730,839	47,723	-	734,002	5,512,564
Excess of operating revenues over expenses	\$ 858,837	11,777	-	(709,002)	161,612
Investment income, net	\$ 6,449	-	1,667,839	-	1,674,288
Bequests	217,839				217,839
Excess of revenues over expenses	\$ 1,083,125	11,777	1,667,839	(709,002)	2,053,739
Fund balances, beginning of year	\$ 1,514,613	77,634	15,525,846	27,984,242	45,102,335
Transfers between funds - capital asset additions	(31,414)	(8,727)		40,141	-
Fund balances, end of year	\$ 2,566,325	80,684	17,193,685	27,315,381	47,156,074

The Children's Family House Society of B.C.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2020

	Program Services			Supporting Services		
	Ronald McDonald House	Surrey Family Room	Total Program Services	Management and General	Fundraising and Events	Total Functional Expenses
Advertising and promotion	\$ -	-	\$ -		\$ 239,445	\$ 239,445
Amortization of capital assets	584,113	-	584,113			584,113
Audit and accounting	-	-	-	27,000		27,000
Automobile	9,731	-	9,731			9,731
Bank charges & investment management fees	-	-	-	43,758		43,758
Board	-	-	-	2,003		2,003
Cleaning & Janitorial services - contracted	314,498	-	314,498			314,498
Conferences	1,348	-	1,348	2,349		3,697
Consulting, professional fees & memberships	-	-	-	87,492		87,492
Contracted Building & facilities maintenance	30,806	-	30,806			30,806
Family support	246,847	-	246,847			246,847
Fundraising events (Note 8)	-	-	-		118,020	118,020
Insurance	25,389	-	25,389	6,451		31,840
Miscellaneous	-	-	-	9,211		9,211
Office	31,188	-	31,188	22,862		54,050
Programs and activities	117,933	-	117,933			117,933
Repairs and maintenance	363,787	-	363,787			363,787
Salaries and Benefits	1,051,416	105,814	1,157,230	578,733	738,770	2,474,733
Surrey Family Room		14,014	14,014			14,014
Technology and telephone	71,435	-	71,435	51,891		123,326
Travel and meal costs	-	-	-	4,703	1,210	5,913
Utilities	115,841	-	115,841			115,841
Volunteer recognition	6,773	-	6,773			6,773
Total expenses	\$ 2,971,105	\$ 119,828	\$ 3,090,933	\$ 836,453	\$ 1,097,445	\$ 5,024,831

The Children's Family House Society of B.C.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2019

	Program Services			Supporting Services		
	Ronald McDonald House	Surrey Family Room	Total Program Services	Management and General	Fundraising and Events	Total Functional Expenses
Advertising and promotion	\$ -	-	\$ -	-	\$ 227,480	\$ 227,480
Amortization of capital assets	734,002	-	734,002	-	-	734,002
Audit and accounting	-	-	-	24,000	-	24,000
Automobile	11,917	-	11,917	-	-	11,917
Bank charges & investment management fees	-	-	-	42,777	-	42,777
Board	-	-	-	22,539	-	22,539
Cleaning & Janitorial services - contracted	365,206	-	365,206	-	-	365,206
Conferences	3,294	-	3,294	4,929	488	8,711
Consulting, professional fees & memberships	-	-	-	39,197	-	39,197
Contracted Building & facilities maintenance	107,994	-	107,994	-	-	107,994
Family support	128,579	-	128,579	-	-	128,579
Fundraising events (Note 8)	-	-	-	-	510,838	510,838
Insurance	22,483	-	22,483	3,250	-	25,733
Miscellaneous	-	-	-	11,129	-	11,129
Office	46,540	-	46,540	20,392	-	66,932
Programs and activities	227,932	-	227,932	-	-	227,932
Repairs and maintenance	380,529	-	380,529	-	-	380,529
Salaries and Benefits	757,952	107,980	865,932	627,120	687,443	2,180,495
Surrey Family Room	-	31,300	31,300	-	-	31,300
Technology and telephone	45,482	-	45,482	108,254	3,635	157,371
Travel and meal costs	-	-	-	21,866	-	21,866
Utilities	135,658	-	135,658	-	-	135,658
Volunteer recognition	50,379	-	50,379	-	-	50,379
Total expenses	\$ 3,017,947	\$ 139,280	\$ 3,157,227	\$ 925,453	\$ 1,429,884	\$ 5,512,564

The Children's Family House Society of B.C.

STATEMENT OF CASH FLOWS
Year ended December 31, 2020

	2020	2019
OPERATING ACTIVITIES:		
<i>Excess of revenue over expenses</i>	\$ 1,961,283	\$ 2,053,739
<i>Add (deduct) items not involving cash</i>		
Amortization of capital assets	584,113	734,002
Unrealized investment loss (gain)	(757,221)	(1,667,839)
	1,788,175	1,119,902
Net change in non-cash working capital balances related to operations		
Accounts receivable	207,786	(31,290)
Prepaid expenses and other assets	(54,215)	35,175
Accounts payable and accrued liabilities	(5,934)	53,595
Deferred Revenue	37,585	(9,247)
	185,222	48,232
Cash provided by (used in) operating activities	1,973,396	1,168,134
INVESTING ACTIVITIES:		
Increase in short-term investments	(1,400,000)	-
Purchase of capital assets	(295,075)	(40,141)
Externally Restricted funds	(25,086)	(3,050)
Cash provided by (used in) investing activities	(1,720,161)	(43,191)
Net increase in cash and cash equivalents	253,236	1,124,944
Cash and cash equivalents, beginning of the year	2,490,966	1,366,023
Cash and cash equivalents, end of the year	\$ 2,744,202	\$ 2,490,966

**The Children's Family House Society of B.C.
Notes to Financial Statements**

For the year ended December 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Nature of Business

Organization

The Children's Family House Society of British Columbia (the "Society"), operating as Ronald McDonald House Charities British Columbia and Yukon, is a British Columbia not-for-profit, charitable corporation formed under the Income Tax Act of Canada, and incorporated under the Societies Act of British Columbia. The mission of Ronald McDonald House Charities British Columbia and Yukon (RMHBC) is to create, find and support programs that directly improve the health and well-being of children and their families. RMHBC and the network of local Ronald McDonald House Charity (RMHC) 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, 14 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.

Ronald McDonald House BC

When children must travel long distances to access top medical care, accommodations and support for families can be expensive or not readily available. The Society helps families stay close to their ill or injured child through the Ronald McDonald House programs located in Vancouver, 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 Surrey Memorial 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.

**The Children's Family House Society of B.C.
Notes to Financial Statements**

For the year ended December 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of Accounting

These financial statements are prepared in accordance with Part III of the Chartered Professional Accountants of Canada ["CPA Canada"] Handbook - Accounting, which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies summarized below.

(c) 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. A significant area requiring management estimates are the rates used for amortization of capital assets. Actual results could differ from those estimates.

(d) Fund Accounting

To ensure observance of limitations and restrictions placed on the use of the resources available to the Society, the accounts are maintained in accordance with the principles of Fund Accounting. Under these principles, the accounts of the Society have been classified into the following funds:

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

The Internally Restricted Fund reports resources that are to be used for specific purposes as specified by the Board of Trustees [the "Board"] of RMHBC. The Society has received funds from donors that generated surpluses in previous years. The Board has elected to invest these funds in separate accounts and internally restrict such funds for future capital expansion and replacement needs on the new house, as well as a fund for future operations.

Externally Restricted Fund reports resources that are subject to restrictions imposed by contributors and therefore not available for use by the Society other than for specific purposes. This fund includes the Music Therapy, Art Therapy, and Playground Fund.

**The Children's Family House Society of B.C.
Notes to Financial Statements**

For the year ended December 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Revenue Recognition

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

Unrestricted contributions are recognized as revenue in the Unrestricted fund when received or receivable if the amount can be reasonably estimated. Restricted 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. However, if no appropriate restricted fund is presented, then the restricted contribution is recognized as deferred revenue of the Unrestricted Fund in the year in which the related expenses are incurred.

Revenue from fundraising events 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 Unrestricted fund on an accrual basis when the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income (loss), which consists of interest, dividends, income distributions from pooled funds, and realized and unrealized gains and losses, is recorded as revenue in the Statement of Operations. Interest is recognized in the respective funds on an accrual basis and other investment income is recognized in the respective funds when received.

(f) 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, such as salaries, technology, insurance, program expenses, are separated between the functional departments based on specific positions and associated duties.

(g) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit and short-term investments with a short-term to maturity of three months or less from the date of purchase.

The Children's Family House Society of B.C.
Notes to Financial Statements

For the year ended December 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial Instruments

Investments are initially recorded at fair value. Transactions are recorded on a trade date basis and transaction costs are expensed as incurred. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in the Statement of Operations.

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

Transaction cost on the acquisition, sale of acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in the Statement of Operations. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in the Statement of Operations.

(i) Contributed Materials and Services

Donated materials and services are recorded in the financial statements at fair market value when the fair market value can be reasonably estimated for those items which would otherwise be purchased. Because of the difficulty in determining the fair value of volunteer time, these services are not recognized in the financial statements.

(j) Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at estimated fair value at the date of contribution. Amortization for capital assets is provided on a straight-line basis over the estimated useful lives as follows:

Building	60 years
Furniture and fixtures	5 years
Leasehold improvements - family room	15 years
Computer equipment	3 years
Vehicles	3 years
Playground structures and equipment	5 years

When a capital asset is considered to no longer have long term service potential to the Society, the excess of net book value over any residual value is recognized as an expense in the Statement of Operations.

The Children's Family House Society of B.C.
Notes to Financial Statements

For the year ended December 31, 2020

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents of \$2,744,203 (December 31, 2019 - \$2,490,966) and restricted cash of \$105,771 (December 31, 2019 - \$80,685) are all held in one Canadian Chartered bank incurring interest at market rates for daily commercial banking.

3. INVESTMENTS

	December 31 2020	December 31 2019
INVESTMENTS - INTERNALLY RESTRICTED		
PH&N Mid-term Portfolio, 2020 average returns of 4.8% (2019 was 6.7%)	\$ 6,553,488	\$ 9,686,367
PH&N Long-term Portfolio, 2020 average returns of 4.4% (2019 14.4%)	10,115,746	6,255,391
Vancouver Foundation	181,128	171,634
RBC Dominion - GICs maturing in 2021 with rates between 0.65% to 1.75%	1,100,545	1,080,293
Investments - internally restricted	<u>\$ 17,950,906</u>	<u>\$ 17,193,685</u>
INVESTMENTS - OTHER		
RBC GICs maturing in 2021 with rates between 0.22% to 0.40%	<u>\$ 1,400,000</u>	<u>\$ -</u>

The Children's Family House Society of B.C.
Notes to Financial Statements

For the year ended December 31, 2020

4. CAPITAL ASSETS

Capital assets consist of the following:

	2020		
	Cost \$	Accumulated Amortization \$	Net Book Value \$
Buildings	29,695,069	3,162,510	26,532,559
Furniture, fixtures and equipment	901,169	799,114	102,055
Leasehold improvements - Ronald McDonald Family Rooms	587,718	251,199	336,519
Computer software and equipment	31,572	24,727	6,845
Vehicles	69,591	69,591	-
Playground	51,591	32,428	19,163
Website	65,042	10,840	54,201
	31,401,752	4,350,410	27,051,342

	2019		
	Cost \$	Accumulated Amortization \$	Net Book Value \$
Buildings	29,569,085	2,668,639	26,900,445
Furniture, fixtures and equipment	876,447	857,101	19,346
Leasehold improvements - Ronald McDonald Family Rooms	587,718	212,018	375,700
Computer software and equipment	24,946	16,412	8,535
Vehicles	69,591	62,720	6,871
Playground	51,593	22,110	29,483
	31,179,380	3,839,000	27,340,380

The Society entered into an agreement in 2014 with Children's & Women's Health Centre of British Columbia Branch to lease the underlying land for the new building on Heather Street for a period of 60 years at a total nominal cost of \$1.00.

The Society entered into an agreement in 2014 with Fraser Health Authority to lease the premises within Surrey Memorial Hospital for the new Ronald McDonald Family Room at no cost for a period of 10 years plus an option to renew for a further five years.

The Children's Family House Society of B.C.
Notes to Financial Statements

For the year ended December 31, 2020

5. EXTERNALLY RESTRICTED FUND BALANCE

	Music Therapy	Art Therapy	Playground	Wellness	December 31 2020	December 31 2019
REVENUES AND OTHER SUPPORT						
Opening Balances	\$ 13,103	\$ 51,326	\$ 10,255	\$ 6,000	\$ 80,684	\$ 77,634
Donations and Grants - Restricted	19,000	30,000	-	-	\$ 49,000	59,500
EXPENSES						
Program	(11,358)	(7,196)	-	(5,360)	\$ (23,915)	(47,723)
Capital Assets purchased using restricted funds	-	-	-	-	\$ -	(8,727)
Total Restricted fund expenditures	(11,358)	(7,196)	-	(5,360)	(23,915)	(56,450)
Closing Balances	\$ 20,745	\$ 74,130	\$ 10,255	\$ 640	\$ 105,769	\$ 80,684

6. INTERNALLY RESTRICTED FUNDS

	December 31 2020	December 31 2019
Amounts set aside for future projects by the Board (A)	\$ 9,650,906	\$ 8,893,685
Amounts set aside for future operations by the Board (B)	8,300,000	8,300,000
	<u>\$ 17,950,906</u>	<u>\$ 17,193,685</u>

(A) The Society received a Property Replacement Reserve Study, which included the Family Room. The study recommended a reserve of 30 years for a total of approximately \$2.6M. To date, in addition to the \$2.6M, the Board has set aside \$7.0M towards future capital projects.

(B) The Board strives to meet the RMH licensing guidelines which recommends a reserve of two years of the operating expenses. This is calculated as approximately \$8.3M at December 31, 2020.

7. CONTRIBUTED ASSETS, MATERIALS AND SERVICES

	December 31 2020	December 31 2019
Materials and event tickets	\$ 45,401	\$ 559,959
Food and supplies	186,039	197,464
	<u>\$ 231,440</u>	<u>\$ 757,423</u>

The amount above is representative of the fair market value of contributed assets, materials, and services when the fair market value can be reasonably estimated. In addition to the contributed assets, materials and services recorded above, the Society also received a various amounts of materials and services free of charge, to which fair values were not readily determinable, and as such, the amounts have not been included in the financial statements. Additionally, because of the difficulty in determining the fair value of volunteer time, these services are not recognized in the financial statements.

The Children's Family House Society of B.C.
Notes to Financial Statements

For the year ended December 31, 2020

8. Fundraising Events

Fundraising events during the two reporting periods each included two golf tournaments, a gala, and several other sponsor organized activities. Due to the COVID-19 pandemic in 2020, all fundraising events were conducted virtually.

	December 31 2020	December 31 2019
Revenue	\$ 775,473	\$ 1,668,971
Expenses	118,020	510,838
Net proceeds from fundraising events	<u>\$ 657,453</u>	<u>\$ 1,158,133</u>

9. 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 Society 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.

Donations and Grants include \$1,003,510 (December 31, 2019 - \$1,381,575) in grants and contributions from Ronald McDonald House Charities, coinbox and kiosk donations, and Fried For Good proceeds from McDonald's Restaurants throughout British Columbia and the Yukon.

10. Investment Income

	December 31 2020	December 31 2019
Realized investment income (loss)	\$ 23,232	\$ 6,449
Unrealized gain (loss) on restricted investments	757,221	1,667,839
Investment income (loss), net	<u>\$ 780,453</u>	<u>\$ 1,674,288</u>

11. Salaries, Honoraria and Benefits

The Societies Act (British Columbia) requires certain information to be reported with regards to remuneration of employees, contractors and Directors.

Included in salaries and benefits are ten employees (December 31, 2019 - six) with annual remuneration over \$75,000 each. The total remuneration for these individuals for the year was \$1,068,838 (December 31, 2019 \$670,260). No remuneration was paid to the members of the Board of Directors for either reporting period.

The Children's Family House Society of B.C. Notes to Financial Statements

For the year ended December 31, 2020

12. Financial Instrument Risks

The Society through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of those risks:

(a) Credit Risk

Credit risk is the risk that the Society will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the Society to significant concentrations of credit risk consist primarily of cash and cash equivalents, investments and accounts receivable. The maximum amount of credit risk exposure is limited to the carrying amount of the balance in the financial statements. There is no significant concentration of credit risk. Management has carefully reviewed the balances and provided an allowance for any doubtful accounts.

(b) Foreign Exchange Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Society is not exposed to foreign exchange risk as all financial instruments are denominated in Canadian dollars.

(c) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is not exposed to interest rate risk except for the fixed income investments held directly and within pooled funds. The Society is investing in low risk funds to mitigate its risks. The investment policy provides a balance between fixed income and equities to mitigate the risks.

(d) Market Risk

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to the individual investment, or factors affecting all securities traded in the market. The Society is exposed to market risk on its pooled fund investments. The market risk is mitigated by prudent investment policies.

(e) Liquidity Risk

Liquidity risk is the risk that the Society will not be able to meet its obligations as they fall due. The Society maintains adequate levels of working capital to ensure all its obligations can be met when they fall due.

13. Capital Pledge Payments

When the House was being constructed, a number of Capital Pledge Commitments were made which covered a payment schedule of 2 - 5 years. Costs in excess of Capital Pledge Donations were temporarily covered by unrestricted funds. Each year since opening, Capital Pledge Payments have reduced the amount funded by unrestricted funds.

During the year ended December 31, 2020, \$25,000 in Capital Pledge Donations were received (December 31, 2018 - \$25,000). The remaining Capital Pledge Commitment as at December 31, 2020 is nil.

14. COVID-19

The impact of COVID-19 in Canada and on the global economy increased significantly. As the impacts of COVID-19 continue, there could be further impact on the Society, the children and families, employees, suppliers and other third party business associates that could impact the timing and amounts realized on the Society's assets and future viability. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption and the related financial impact cannot be reasonably estimated at this time. It remains uncertain if COVID restrictions will ease to allow in-person fundraising events, but this is not expected to have a material impact on the Society's financial viability. The Society's ability to continue to employ staff, deliver services to families, and meet obligations as they come due is dependent on the existing accumulated net assets, the continued ability to collect receivables, generate surpluses, including the use of available credit facilities.