

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

FINANCIAL STATEMENTS

For the year ended December 31, 2022

DISCLOSED
PURSUANT TO
THE ATIA
A-2023-163646

The Children's Family House Society of B.C.
Financial Statements
For the year ended December 31, 2022

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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, 2022, 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, 2022, 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, 2022 and 2021, current assets as at December 31, 2022 and 2021, and net assets as at January 1 and December 31 for both the 2022 and 2021 periods. Our audit opinion on the financial statements for the year ended December 31, 2021 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.

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

STATEMENT OF FINANCIAL POSITION
Year Ended December 31, 2022

	December 31 2022	December 31 2021
ASSETS		
Current assets		
Cash and cash equivalents (Note 2)	\$ 1,636,866	\$ 1,941,262
Accounts receivable	444,215	342,302
Prepaid expenses and other assets	100,083	36,090
Total current assets	2,181,164	2,319,654
Restricted Cash (Note 2)	38,691	105,300
Investments - Internally Restricted (Note 3)	22,947,574	22,417,228
Investments - Other (Note 3)	1,300,000	1,390,000
Capital assets (Note 4)	27,043,396	27,617,869
Total assets	53,510,825	53,850,051
LIABILITIES AND FUND BALANCES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 328,477	\$ 297,293
Deferred revenue	382,125	325,540
Total current liabilities	710,602	622,833
FUND BALANCES		
Unrestricted fund	\$ 2,770,562	\$ 3,086,822
Externally restricted fund (Note 5)	38,691	105,298
Internally restricted fund (Note 6)	22,947,574	22,417,228
Invested in capital assets	27,043,396	27,617,870
Total fund balances	52,800,223	53,227,218
Total liabilities and fund balances	53,510,825	53,850,051

Commitments (Note 13)

24(1)

On behalf of the Board:

Director

24(1)

Director

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

STATEMENT OF OPERATIONS
Year ended December 31, 2022

	Unrestricted	Restricted	Internally Restricted	Capital Asset	Total
REVENUES AND OTHER SUPPORT					
Contributions - Donations and Grants	\$ 3,431,775	47,000		8,337	3,487,112
Donations and Grants - McDonald's	1,386,994				1,386,994
Fundraising Activities/Events	1,916,018				1,916,018
RMH Room donations/fees	663,239				663,239
Total revenues and other support	\$ 7,398,026	47,000	-	8,337	7,453,363
EXPENSES					
Program	\$ 3,492,035	99,952		682,200	4,274,187
Management and general	868,918				868,918
Fundraising	1,521,475				1,521,475
Total expenses	\$ 5,882,428	99,952	-	682,200	6,664,580
Excess of operating revenues over expenses	\$ 1,515,598	(52,952)	-	(673,863)	788,783
Canada Emergency Wage Subsidy	-				-
Investment income, net	45,794		(1,469,654)		(1,423,860)
Bequests	208,082				208,082
Excess (deficiency) of revenues over expenses	\$ 1,769,474	(52,952)	(1,469,654)	(673,863)	(426,995)
Fund balances, beginning of year	\$ 3,086,822	105,298	22,417,228	27,617,870	53,227,218
Transfers between funds	(2,000,000)		2,000,000		-
Transfers between funds - capital asset additions	(85,734)	(13,655)		99,389	-
Fund balances, end of year	\$ 2,770,562	38,691	22,947,574	27,043,396	52,800,223

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

STATEMENT OF OPERATIONS

Year ended December 31, 2021

	Unrestricted	Restricted	Internally Restricted	Capital Asset	Total
REVENUES AND OTHER SUPPORT					
Contributions - Donations and Grants	\$ 3,728,772	133,000		425,260	4,287,032
Donations and Grants - McDonald's	1,504,302				1,504,302
Fundraising Activities/Events	1,005,632				1,005,632
RMH Room donations/fees	690,120				690,120
Total revenues and other support	\$ 6,928,826	133,000	-	425,260	7,487,086
EXPENSES					
Program	\$ 2,844,100	89,347		709,887	3,643,334
Management and general	759,795				759,795
Fundraising	1,235,704				1,235,704
Total expenses	\$ 4,839,599	89,347	-	709,887	5,638,833
Excess of operating revenues over expenses	\$ 2,089,227	43,653	-	(284,627)	1,848,253
Canada Emergency Wage Subsidy	362,471				362,471
Investment income, net	18,368	-	1,866,322	-	1,884,690
Bequests	14,446				14,446
Excess (deficiency) of revenues over expenses	\$ 2,484,512	43,653	1,866,322	(284,627)	4,109,860
Fund balances, beginning of year	\$ 4,009,339	105,770	17,950,906	27,051,343	49,117,358
Transfers between funds	(2,600,000)		2,600,000		-
Transfers between funds - capital asset additions	(807,029)	(44,125)		851,154	-
Fund balances, end of year	\$ 3,086,822	105,298	22,417,228	27,617,870	53,227,218

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

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2022

	Program Services			Supporting Services		Total Functional Expenses
	Ronald McDonald House	Surrey Family Room	Total Program Services	Management and General	Fundraising and Events	
Advertising and promotion	\$ -		\$ -	-	\$ 260,781	\$ 260,781
Amortization of capital assets	682,200		682,200	-	-	682,200
Audit and accounting	-		-	30,000	-	30,000
Automobile	11,722		11,722	-	-	11,722
Bank charges & merchant fees	-		-	53,932	-	53,932
Board	-		-	21,634	-	21,634
Cleaning & Janitorial services	317,151		317,151	-	-	317,151
Consulting, professional fees & memberships	42,794		42,794	47,035	-	89,829
Contracted Building & facilities maintenance	16,288		16,288	-	-	16,288
Family support	230,841		230,841	-	-	230,841
Fundraising events (Note 8)	-		-	-	612,792	612,792
Insurance	98,000		98,000	8,366	-	106,366
Office	37,955		37,955	58,376	-	96,331
Programs and materials	388,717		388,717	-	-	388,717
Repairs and maintenance	449,223		449,223	-	-	449,223
Salaries and Benefits	1,593,325	110,649	1,703,974	557,453	619,694	2,881,121
Surrey Family Room	-	23,197	23,197	-	-	23,197
Technology and computer supplies	126,388		126,388	84,542	-	210,930
Travel	3,897		3,897	18,623	9,435	31,955
Utilities	139,600		139,600	-	-	139,600
Volunteer recognition	9,970		9,970	-	-	9,970
Total expenses	\$ 4,148,071	\$ 133,846	\$ 4,281,917	\$ 879,961	\$ 1,502,702	\$ 6,664,580

STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2021

	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	\$ -		\$ -	\$ -	\$ 255,938	\$ 255,938
Amortization of capital assets	709,887		709,887	-	-	709,887
Audit and accounting	-		-	30,000	-	30,000
Automobile	9,348		9,348	-	-	9,348
Bank charges & merchant fees	-		-	57,272	-	57,272
Board	-		-	6,394	-	6,394
Cleaning & Janitorial services	283,048		283,048	-	-	283,048
Consulting, professional fees & memberships	-		-	12,532	-	12,532
Contracted Building & facilities maintenance	-		-	-	-	-
Family support	208,576		208,576	-	-	208,576
Fundraising events (Note 8)	-		-	-	269,831	269,831
Insurance	39,007		39,007	6,125	-	45,132
Office	35,123		35,123	61,231	-	96,354
Programs and materials	199,462		199,462	-	-	199,462
Repairs and maintenance	422,833		422,833	-	-	422,833
Salaries and Benefits	1,365,031	82,610	1,447,641	523,890	702,435	2,673,966
Surrey Family Room	-	8,026	8,026	-	-	8,026
Technology and computer supplies	146,129		146,129	60,972	-	207,101
Travel	-		-	1,379	7,500	8,879
Utilities	126,789		126,789	-	-	126,789
Volunteer recognition	7,465		7,465	-	-	7,465
Total expenses	\$ 3,552,698	\$ 90,636	\$ 3,643,334	\$ 759,795	\$ 1,235,704	\$ 5,638,833

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

STATEMENT OF CASH FLOWS

Year ended December 31, 2022

	2022	2021
OPERATING ACTIVITIES:		
<i>Excess (deficiency) of revenue over expenses</i>	\$ (426,995)	\$ 4,109,860
<i>Add (deduct) items not involving cash</i>		
Amortization of capital assets	682,200	709,887
Unrealized investment loss (gain)	1,469,654	(1,866,322)
Capital asset gift in kind	(8,337)	
	1,716,522	2,953,425
Net change in non-cash working capital balances related to operations		
Accounts receivable	(101,913)	(60,696)
Prepaid expenses and other assets	(63,993)	56,367
Accounts payable and accrued liabilities	31,184	81,216
Deferred revenue	56,585	33,163
Restricted cash	66,609	
	(11,528)	110,050
Cash provided by operating activities	1,704,994	3,063,475
INVESTING ACTIVITIES:		
Purchase of investments	(1,910,000)	(2,590,000)
Purchase of capital assets	(99,390)	(1,276,415)
Cash provided by (used in) investing activities	(2,009,390)	(3,866,415)
Net decrease in cash and cash equivalents	(304,396)	(802,940)
Cash and cash equivalents, beginning of the year	1,941,262	2,744,202
Cash and cash equivalents, end of the year	\$ 1,636,866	\$ 1,941,262

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

For the year ended December 31, 2022

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 incorporated as a British Columbia not-for-profit under the Societies Act and is a registered charity under the Income Tax Act of Canada. 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, 2022

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 Directors [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 House and the Family Room, 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, such as music therapy, art therapy, and playground renovations.

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

For the year ended December 31, 2022

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 until 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 as earned.

(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, supplies, 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 maturing 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, 2022

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 and pooled funds are traded in an active market and are reported at fair value, with any change in fair value reported in the Statement of Operations.

Other financial instruments, including GIC's, accounts receivable and accounts payable, are recorded at amortized cost which approximates the fair market value.

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 date.

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:

Buildings	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
Website	3 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, 2022

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents of \$1,636,866 (December 31, 2021 - \$1,941,262) and restricted cash of \$38,692 (December 31, 2021 - \$105,298) are all held in one Canadian chartered bank incurring interest at market rates for daily commercial banking.

3. INVESTMENTS

	December 31 2022	December 31 2021
INVESTMENTS - INTERNALLY RESTRICTED		
Mid-term Portfolio, 2022 average returns of -3.4% (2021 was 5.10%)	\$ 9,719,588	\$ 9,575,483
24(1) Long-term Portfolio, 2022 average returns of -7.6% (2021 was 14.0%)	12,097,736	11,535,665
Vancouver Foundation	-	196,132
24(1) GICs maturing in 2023 with rates between 3.31% to 5.15 (2021 was between 0.60% and 1.27%)	1,130,250	1,109,949
Investments - internally restricted	\$ 22,947,574	\$ 22,417,229
INVESTMENTS - OTHER		
24(1) GICs maturing in 2023 with rate of 4.2% (2021 was 0.55%)	\$ 1,300,000	\$ 1,390,000

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

For the year ended December 31, 2022

4. CAPITAL ASSETS

Capital assets consist of the following:

	2022		Net Book Value
	Cost \$	Accumulated Amortization \$	
Buildings	30,623,850	4,175,473	26,448,377
Furniture, fixtures and equipment	1,178,025	883,743	294,282
Leasehold improvements - Ronald McDonald Family Rooms	587,718	329,562	258,156
Computer software and equipment	91,285	59,545	31,740
Vehicles	69,591	69,591	-
Playground	51,591	51,591	-
Website	65,042	54,201	10,841
	32,667,102	5,623,706	27,043,396

	2021		Net Book Value
	Cost \$	Accumulated Amortization \$	
Buildings	30,617,598	3,665,128	26,952,470
Furniture, fixtures and equipment	1,113,773	805,819	307,954
Leasehold improvements - Ronald McDonald Family Rooms	587,718	290,380	297,337
Computer software and equipment	54,063	35,321	18,743
Vehicles	69,591	69,591	-
Playground	51,591	42,747	8,845
Website	65,042	32,521	32,521
	32,559,376	4,941,507	27,617,869

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, 2022

5. EXTERNALLY RESTRICTED FUND BALANCE

	Music Therapy	Art Therapy	Playground	Wellness	Teen Lounge	December 31 2022	December 31 2021
Opening Balances	7,334	71,194	10,255	640	15,875	\$ 105,298	105,770
Donations and Grants	47,000					\$ 47,000	133,000
EXPENSES							
Program	(46,321)	(53,632)	-	-	-	\$ (99,952)	(89,347)
Capital Assets purchased	-	-	-	-	(13,655)	\$ (13,655)	(44,125)
Total Restricted fund expenditures	(46,321)	(53,632)	-	-	(13,655)	(113,607)	(133,472)
Closing Balances	\$ 8,014	\$ 17,562	\$ 10,255	\$ 640	\$ 2,220	\$ 38,691	\$ 105,298

6. INTERNALLY RESTRICTED FUNDS

	December 31 2022	December 31 2021
Amounts set aside for future operations by the Board (A)	\$ 12,420,876	\$ 13,417,228
Amounts set aside for future capital projects by the Board (B)	10,700,000	9,000,000
	<u>\$ 23,120,876</u>	<u>\$ 22,417,228</u>

(A) 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 \$12M at December 31, 2022.

(B) The Society received a Property Replacement Reserve Study in 2019 with a 30 year horizon for the Heather House and the Family Room. The study recommended a reserve of approximately \$2.3M by 2021. To date, in addition to the \$2.3M, the Board has set aside \$8.4M towards future capital projects.

7. CONTRIBUTED ASSETS, MATERIALS AND SERVICES

	December 31 2022	December 31 2021
Programs and materials	\$ 129,070	\$ 72,029
Family support	403,871	282,279
	<u>\$ 532,941</u>	<u>\$ 354,308</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, and is included in the Contributions - Donations and Grants. 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, 2022

8. Fundraising Events

Fundraising during 2022 featured Signature Events including two golf tournaments, a signature gala, and other sponsor organized events.

	December 31 2022	December 31 2021
Signature Events:		
Revenue	\$ 1,916,018	\$ 1,005,632
Expenses	612,792	269,831
Net proceeds from Signature Events	\$ 1,303,226	\$ 735,801

9. Related Party Transactions

Ronald McDonald House Charities (RMHC) is a system of independent, separately registered charities, 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 \$1,359,581 (December 31, 2021 - \$1,504,302) in grants and contributions from Ronald McDonald House Charities, coinbox and kiosk donations, and McHappy Day proceeds from McDonald's Restaurants throughout British Columbia and the Yukon.

10. Investment Income

	December 31 2022	December 31 2021
Realized investment income	\$ 45,794	\$ 18,368
Unrealized gain (loss) on restricted investments	(1,469,654)	1,866,322
Investment income (loss)	\$ (1,423,860)	\$ 1,884,690

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 eight employees (December 31, 2021 - ten) with annual remuneration over \$75,000 each. The total remuneration for these individuals for the year was \$917,884 (December 31, 2021 \$1,107,054). 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, 2022

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. 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 exposed to foreign exchange risk on amounts included within the pooled funds.

(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 exposed to interest rate risk 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, plus additional operating reserves, to ensure all its obligations can be met when they fall due.

13. Commitments

As at December 31, 2022 the Society has entered into various service contracts for the next three years:

2023 \$238,253
2024 \$111,340
2025 \$ 37,747