

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

FINANCIAL STATEMENTS

For the year ended December 31, 2024

The Children's Family House Society of B.C.
Financial Statements
For the year ended December 31, 2024

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Independent Auditor's Report

To Board of Directors 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, 2024, and the statements of operations, 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 Society as at December 31, 2024, and its results of operations, fund balances 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, fund balances and cash flows from operations for the periods ended December 31, 2024 and 2023, current assets as at December 31, 2024 and 2023, and net assets as at January 1 and December 31 for both the 2024 and 2023 periods. Our audit opinion on the financial statements for the year ended December 31, 2023 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 7, 2025

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

STATEMENT OF FINANCIAL POSITION
Year Ended December 31, 2024

	December 31 2024	December 31 2023
ASSETS		
Current assets		
Cash and cash equivalents (Note 2)	\$ 3,312,707	\$ 3,025,798
Accounts receivable	453,228	464,297
Prepaid expenses and other assets	86,121	79,999
Total current assets	3,852,056	3,570,094
Restricted Cash (Note 2)	56,433	53,127
Restricted Willow Cash (Note 2)	1,309,644	-
Investments - Internally Restricted (Note 3)	9,244,582	8,106,015
Investments - Internally Restricted - Willow (Note 3)	506,657	-
Investments - Other (Note 3)	750,000	-
Capital assets (Note 4)	43,631,068	43,515,099
Total assets	59,350,440	55,244,335
LIABILITIES AND FUND BALANCES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 447,063	\$ 323,311
Deferred revenue	638,966	302,495
Deferred capital campaign	-	200,000
Total current liabilities	1,086,029	825,806
FUND BALANCES		
Unrestricted fund	\$ 3,516,026	\$ 2,744,288
Invested in capital assets	26,096,558	26,595,761
Internally restricted fund (Note 6)	9,244,582	8,106,015
Externally restricted fund (Note 5)	56,433	53,127
Externally restricted fund - Willow	19,350,812	16,919,338
Total fund balances	58,264,411	54,418,529
Total liabilities and fund balances	59,350,440	55,244,335

Commitments (Note 12)

On behalf of the Board:



Director


Director

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

STATEMENT OF OPERATIONS AND FUND BALANCES
Year ended December 31, 2024

	Unrestricted	Restricted Programs	Internally Restricted	Externally Restricted Willow	Capital Asset	Total
REVENUES AND OTHER SUPPORT						
Contributions - Donations and Grants	\$ 4,199,250	79,000		2,197,696		6,475,946
Contributions - Capital Assets					-	-
Donations and Grants - McDonald's	1,708,379					1,708,379
Fundraising Activities/Events	1,256,703					1,256,703
RMH Room donations/fees	674,264					674,264
Rental income	-			141,169		141,169
Total revenues and other support	\$ 7,838,596	79,000	-	2,338,865	-	10,256,461
EXPENSES						
Program	\$ 4,524,125	75,694			664,498	5,264,317
Management and general	877,181			486,351		1,363,532
Fundraising	1,292,666					1,292,666
Rental expenses				88,468		88,468
Total expenses	\$ 6,693,972	75,694	-	574,819	664,498	8,008,983
Excess (deficiency) of operating revenues over expenses	\$ 1,144,624	3,306	-	1,764,046	(664,498)	2,247,478
Investment income, net	124,409		1,138,567	52,255		1,315,231
Bequests	283,173					283,173
Excess (deficiency) of revenues over expenses	\$ 1,552,206	3,306	1,138,567	1,816,301	(664,498)	3,845,882
Fund balances, beginning of year	\$ 2,744,288	53,127	8,106,015	16,919,338	26,595,761	54,418,529
Transfers between funds						
Capital asset additions	(780,468)			615,173	165,295	-
Fund balances, end of year	\$ 3,516,026	56,433	9,244,582	19,350,812	26,096,558	58,264,411

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

STATEMENT OF OPERATIONS AND FUND BALANCES
Year ended December 31, 2023

	Unrestricted	Restricted Programs	Internally Restricted	Externally Restricted Willow	Capital Asset	Total
REVENUES AND OTHER SUPPORT						
Contributions - Donations and Grants	\$ 3,336,385	87,500				3,423,885
Contributions - Capital Assets					236,490	236,490
Donations and Grants - McDonald's	1,539,816					1,539,816
Fundraising Activities/Events	1,500,976					1,500,976
RMH Room donations/fees	753,931					753,931
Rental income	63,233					63,233
Total revenues and other support	\$ 7,194,341	87,500	-	-	236,490	7,518,331
EXPENSES						
Program	\$ 4,169,352	73,064			757,768	5,000,184
Management and general	737,634					737,634
Fundraising	1,410,303					1,410,303
Rental expenses	32,189					32,189
Total expenses	\$ 6,349,478	73,064	-	-	757,768	7,180,310
Excess (deficiency) of operating revenues over expenses	\$ 844,863	14,436	-	-	(521,278)	338,021
Investment income, net	145,338		985,812			1,131,150
Bequests	149,135					149,135
Excess (deficiency) of revenues over expenses	\$ 1,139,336	14,436	985,812	-	(521,278)	1,618,306
Fund balances, beginning of year	\$ 2,770,562	38,691	22,947,574	-	27,043,396	52,800,223
Transfers between funds						-
Capital asset additions	(73,643)				73,643	-
Land addition	(1,091,967)		(15,827,371)	16,919,338		-
Fund balances, end of year	\$ 2,744,288	53,127	8,106,015	16,919,338	26,595,761	54,418,529

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

STATEMENT OF CASH FLOWS
Year ended December 31, 2024

	2024	2023
OPERATING ACTIVITIES:		
<i>Excess of revenue over expenses</i>	\$ 3,845,882	\$ 1,618,306
<i>Add (deduct) items not involving cash</i>		
Amortization of capital assets	664,498	682,769
Unrealized investment gain	(881,372)	(543,738)
Investment income - reinvested	(257,195)	-
Capital asset gift in kind	-	(161,490)
	3,371,813	1,595,847
Net change in working capital balances related to operations		
Accounts receivable	11,069	(20,082)
Prepaid expenses and other assets	(6,121)	20,083
Accounts payable and accrued liabilities	123,752	(5,166)
Deferred revenue	336,471	(79,630)
Deferred capital revenue	(200,000)	200,000
Restricted cash	(3,306)	(14,436)
	261,865	100,769
Cash provided by operating activities	3,633,678	1,696,616
INVESTING ACTIVITIES:		
Disposition (purchase) of investments	(1,256,657)	16,685,297
Purchase of capital assets	(780,468)	(16,992,981)
Restricted Willow Cash	(1,309,644)	-
Cash used in investing activities	(3,346,769)	(307,684)
Net increase in cash and cash equivalents	286,909	1,388,932
Cash and cash equivalents, beginning of the year	3,025,798	1,636,866
Cash and cash equivalents, end of the year	\$ 3,312,707	\$ 3,025,798

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

For the year ended December 31, 2024

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.

(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 and fair market values for contributed assets or donated materials or services. Actual results could differ from those estimates.

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

For the year ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 Program 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 Capital Assets fund reports resources that are restricted to the Society's capital asset purchases, replacements, or maintenance initiatives.

Externally Restricted Willow Fund reports resources received from the Willow House capital campaign designated for its development that are to be used solely for activities related to the Willow project outlined in the campaign plan and donor agreements, including but not limited to: land acquisition, construction costs, equipment and furnishings, architectural, engineering, and other consultancy fees, project management expenses, and marketing, fundraising, and administrative costs related to the project execution.

(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 unrestricted fund at the time of the event, when the revenue is earned and amounts can be estimated and collection is reasonably assured.

Revenue from room rental payments is recognized as revenue in the Unrestricted fund when the amount to be received can be reasonably estimated and collection is reasonably assured. For contributions from government agencies and non profits, this is when the agency approves the funding with a purchase order or signed acknowledgement. For self-pay families, this is when payment is received as the collection is not always 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 Society engages in program, fundraising and management and general services. The cost of the these services include direct cost as well as cost of salaries and benefits, administration and other overhead costs. The Society identifies the appropriate basis to allocate these costs and applies that basis consistently each year. Expenses are allocated on the following basis:

Salaries and benefits are allocated to the services based on the percentage of time spent by each staff member working on the specific services.

Administration and overhead costs are allocated to the services based on a proportionate allocation of shared expenses determined by management based on the Society's operations.

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

For the year ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(h) Financial Instruments

Investments are initially recorded at fair value.

Transactions are recorded on a trade date basis and transaction costs on instruments measured at fair market value 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. Any transaction costs on instruments recorded at amortized cost are added to the initial cost and recognized using the effective interest rate.

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:

Land held for development	n/a
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
Art	n/a

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, 2024

(k) Deferred Revenue

Amounts received that are restricted for a purpose, where there is no associated restricted fund, are recognized as a liability until the amounts are spent as intended, or the stipulations have been met. The Society will collect ticket proceeds and sponsorships, in advance of events, that are recognized when the event occurs. The Society receives sponsorships restricted to fund the operation on a room in the facility for a specified period of time (adopt a room); the revenue is recognized over the term of the sponsorship agreement.

(l) Comparative Figures

The Society established a new Externally Restricted Willow Fund to capture associated expenditures related to a new building and all related fundraising activities. The Society commenced fundraising and incurring costs in 2023, prior to the establishment of the fund. Now that the fund is established the comparative figures for 2023 have been restated, resulting in a:

- o Reclassification from the capital fund the Willow Fund net assets of \$16,919,338, being the sum of the land held for development and associated rental properties on the land
- o Reclassification of \$200,000 unspent funds from deferred capital campaign in the unrestricted fund, to net assets of the Willow Fund and the related cash funds.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents of \$3,312,707 (2023 - \$3,025,798), restricted cash of \$56,433 (2023 - \$53,127), and restricted Willow cash of \$1,309,644 (2024 - \$nil) are all held in one Canadian chartered bank incurring interest at market rates for daily commercial banking.

3. INVESTMENTS

	December 31 2024	December 31 2023
INVESTMENTS - INTERNALLY RESTRICTED		
RBC Phillips, Hager & North Investment Counsel Inc. Long-term Portfolio 2024 average returns of 15.6% (2023 - -7.8%) (Includes \$23,478 in cash and cash equivalents (2023 - \$85,045))	\$ 8,000,630	\$ 6,919,143
RBC Dominion Securities Inc. - GICs maturing in 2025 with rates between 3.82% to 5.06% (2023 - between 5.0% to 5.65%)	1,243,952	1,186,872
Investments - internally restricted	\$ 9,244,582	\$ 8,106,015
INVESTMENTS - INTERNALLY RESTRICTED WILLOW		
RBC Dominion Securities Inc. - GIC's maturing in 2025 with rate of 4.0%	\$ 506,657	-
INVESTMENTS - OTHER		
RBC GICs maturing in 2025 with rate of 5.0%	\$ 750,000	-

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

For the year ended December 31, 2024

4. CAPITAL ASSETS

Capital assets consist of the following:

	2024		
	Cost \$	Accumulated Amortization \$	Net Book Value \$
Land held for development	17,534,511	-	17,534,511
Buildings	30,649,621	5,196,482	25,453,139
Furniture, fixtures and equipment	1,377,632	1,084,049	293,583
Leasehold improvements - Ronald McDonald Family Room	587,718	407,924	179,794
Computer software and equipment	121,334	96,293	25,041
Vehicles	69,591	69,591	-
Playground	51,591	51,591	-
Website	65,042	65,042	-
Art	145,000	-	145,000
	50,602,040	6,970,972	43,631,068
	2023		
	Cost \$	Accumulated Amortization \$	Net Book Value \$
Land held for development	16,919,339	-	16,919,339
Buildings	30,623,849	4,685,870	25,937,979
Furniture, fixtures and equipment	1,268,159	975,664	292,495
Leasehold improvements - Ronald McDonald Family Room	587,718	368,743	218,975
Computer software and equipment	91,285	89,974	1,311
Vehicles	69,591	69,591	-
Playground	51,591	51,591	-
Website	65,042	65,042	-
Art	145,000	-	145,000
	49,821,574	6,306,475	43,515,099

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 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 Society entered into an agreement in 2023 with Royal Inland Hospital to license the premises within the Royal Inland 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.

In 2023, the Society decided to purchase three adjacent properties, and associated rental homes, as part of a proposed project to redevelop the land and construct a new RMHBC facility. The three rental homes are being leased to tenants during the redevelopment process and offsetting the associated carrying costs of the properties. The value of the properties and their development costs are included in the Land held for development. With the planning and redevelopment process and the related fundraising activities in progress, the three rental homes are expected to be demolished near end of 2025 for development.

In 2023, two pieces of art were donated to the Society and were recognized at their estimated fair market value of \$145,000. The pieces are not being amortized as the value is not expected to decline, and the pieces are appropriately insured, displayed and protected.

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

For the year ended December 31, 2024

5. EXTERNALLY RESTRICTED FUND BALANCE

	Music Therapy	Art Therapy	Playground	December 31 2024	December 31 2023
Opening Balances	\$ 15,000	27,872	10,255	\$ 53,127	38,691
Donations and Grants	29,000	50,000	-	\$ 79,000	87,500
Program expenses	(27,500)	(48,194)	-	\$ (75,694)	(73,064)
Total Restricted fund expenditures	(27,500)	(48,194)	-	(75,694)	(73,064)
Closing Balances	\$ 16,500	\$ 29,678	\$ 10,255	\$ 56,433	\$ 53,127

6. INTERNALLY RESTRICTED FUNDS

	December 31 2024	December 31 2023
Amounts set aside for future operations by the Board (A)	\$ 9,244,582	\$ 8,106,015

(A) The Board strives to meet the RMH licensing guidelines which recommends a reserve of one to three years of the operating expenses. This is calculated as approximately \$9.2M at December 31, 2024.

7. CONTRIBUTED ASSETS, MATERIALS AND SERVICES

	December 31 2024	December 31 2023
Programs and materials	\$ 138,785	\$ 112,762
Family Support	440,779	373,789
	<u>\$ 579,564</u>	<u>\$ 486,551</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, 2024

8. 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 \$1,708,379 (2023 - \$1,539,816) 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.

9. INVESTMENT INCOME

	December 31 2024	December 31 2023
Realized investment income	\$ 176,664	\$ 587,412
Unrealized gain on restricted investments	881,372	543,738
Investment income - reinvested	257,195	-
Investment income	<u>\$ 1,315,231</u>	<u>\$ 1,131,150</u>

10. 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 sixteen employees (2023 - fifteen) with annual remuneration over \$75,000 each. The total remuneration for these individuals for the year was \$1,764,875 (2023 \$1,621,407). No remuneration was paid to the members of the Board of Directors for either reporting period.

11. 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.

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

Notes to Financial Statements

For the year ended December 31, 2024

11. FINANCIAL INSTRUMENT RISKS (continued)

(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 risk for the investments held 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. Capital projects are authorized to commence only when the Society receives pledges exceeding 80% of the budgeted construction costs.

(f) Investment Policy

The Society manages exposure to financial risks on its investments through the use of investment managers and a board approved investment policy adhering to a maximum of a 15% loss tolerance on a rolling one-year basis. Our investments include cash and cash equivalents, investment and non-investment grade bonds and domestic and international common equities.

12. COMMITMENTS

As at December 31, 2024 the Society has entered into various service contracts for the next three years:

2025	\$242,216
2026	\$52,290
2027	\$49,914

In conjunction with the lease signed with the Royal Inland Hospital (note 4), the Hospital has agreed to construct a new Kamloops Family Room. The 1,000 square foot family space in the hospital is budgeted to cost \$1.4M and complete in 2025. A donor has pledged to provide a \$1M contribution to RIH towards the project and the Society has agreed to fund the remainder. \$348,000 of donations have already been collected towards the Society's estimated commitment of \$400K.