

**FONDATION DES AMIS DE L'ENFANCE (MONTRÉAL) INC.**

**FINANCIAL STATEMENTS**

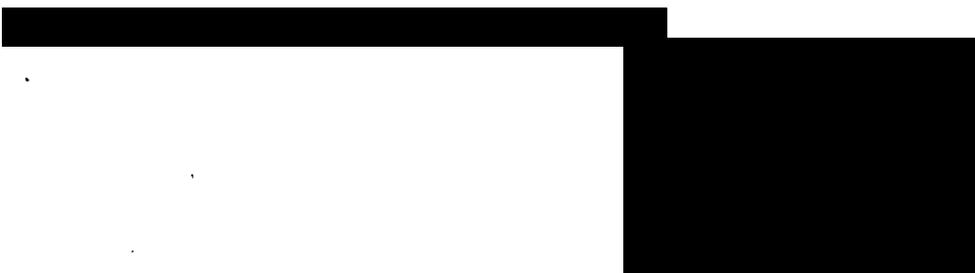
**DECEMBER 31, 2022**

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**FONDATION DES AMIS DE L'ENFANCE (MONTRÉAL) INC.**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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Comptables professionnels agréés  
Chartered Professional Accountants

## INDEPENDENT AUDITOR'S REPORT

To the board of Directors of  
**FONDATION DES AMIS DE L'ENFANCE (MONTRÉAL) INC.**

### *Opinion*

We have audited the financial statements of the **FONDATION DES AMIS DE L'ENFANCE (MONTRÉAL) INC.** the (Fondation) which comprise the statement of financial position as at **December 31, 2022**, and the statements of operations and changes in fund balances and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fondation 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 Opinion*

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 Fondation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit 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 Fondation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fondation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fondation'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 Fondation'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 Fondation'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 Fondation to cease to continue as a going concern.
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- 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.

[Redacted]

Partnership of Chartered Professional Accountants

[Redacted]

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[Redacted]

**FONDATION DES AMIS DE L'ENFANCE (MONTRÉAL) INC.**
**STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2022**

<b>ASSETS</b>	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	560 891	851 780
Accounts receivable (note 3)	362 081	284 208
Prepaid expenses	8 722	10 171
	<b>931 694</b>	<b>1 146 159</b>
<b>INVESTMENTS (note 4)</b>	<b>13 657 557</b>	<b>13 785 281</b>
<b>INVESTMENTS RESTRICTED FOR CAPITAL ASSETS (note 4)</b>	<b>1 000 000</b>	<b>750 000</b>
<b>WORKS OF ART (note 5)</b>	<b>104 750</b>	<b>104 750</b>
<b>CAPITAL ASSETS (note 6)</b>	<b>8 103 404</b>	<b>8 270 702</b>
	<b>23 797 405</b>	<b>24 056 892</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	143 399	91 984
<b>LONG-TERM DEBT (note 7)</b>	<b>40 000</b>	<b>40 000</b>
<b>DEFERRED CONTRIBUTIONS (note 8)</b>	<b>135 620</b>	<b>136 300</b>
	<b>319 019</b>	<b>268 284</b>
<b>FUND BALANCES</b>		
General Fund	14 374 982	14 767 906
Internally Restricted Fund	1 000 000	750 000
Capital Assets Fund	8 103 404	8 270 702
	<b>23 478 386</b>	<b>23 788 608</b>
	<b>23 797 405</b>	<b>24 056 892</b>

On behalf of the board

\_\_\_\_\_, director

Pierre Charles Tardif

DocuSigned by:

\_\_\_\_\_, director

Hugo Poirier

**FONDATION DES AMIS DE L'ENFANCE (MONTRÉAL) INC.**

**STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2022**

	General Fund		Internally Restricted Fund		Capital Assets Fund		Total	Total
	2022 \$	2021 \$	2022 \$	2021 \$	2022 \$	2021 \$	2022 \$	2021 \$
<b>REVENUES</b>								
Contributions	1 734 871	1 535 076	-	-	-	-	1 734 871	1 535 076
Canada Emergency Wage Subsidy	22 674	173 689	-	-	-	-	22 674	173 689
Fundraising activities/events	248 287	68 004	-	-	-	-	248 287	68 004
room donations/fees	93 109	54 370	-	-	-	-	93 109	54 370
Rent and property support grants	2 481	41 799	-	-	-	-	2 481	41 799
	<b>2 101 422</b>	<b>1 872 938</b>					<b>2 101 422</b>	<b>1 872 938</b>
<b>EXPENSES</b>								
Program	860 951	696 525	-	-	98 386	57 786	959 337	754 311
Management and general	60 675	23 568	-	-	-	-	60 675	23 568
Fundraising	89 293	5 152	-	-	-	-	89 293	5 152
Amortization	-	-	-	-	435 576	434 041	435 576	434 041
	<b>1 010 919</b>	<b>725 245</b>			<b>533 962</b>	<b>491 827</b>	<b>1 544 881</b>	<b>1 217 072</b>
<b>EXCESS (DEFICIENCY) OF OPERATING REVENUE OVER EXPENSES</b>	<b>1 090 503</b>	<b>1 147 693</b>			<b>(533 962)</b>	<b>(491 827)</b>	<b>556 541</b>	<b>655 866</b>
Investment income, net (note 4)	(866 763)	730 424	-	-	-	-	(866 763)	730 424
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<b>223 740</b>	<b>1 878 117</b>			<b>(533 962)</b>	<b>(491 827)</b>	<b>(310 222)</b>	<b>1 386 290</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>14 767 906</b>	<b>13 235 849</b>	<b>750 000</b>	<b>500 000</b>	<b>8 270 702</b>	<b>8 666 469</b>	<b>23 788 608</b>	<b>22 402 318</b>
Interfund Transfers (note 12)	(616 664)	(346 060)	250 000	250 000	366 664	96 060	-	-
	<b>14 151 242</b>	<b>12 889 789</b>	<b>1 000 000</b>	<b>750 000</b>	<b>8 637 366</b>	<b>8 762 529</b>	<b>23 788 608</b>	<b>22 402 318</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>14 374 982</b>	<b>14 767 906</b>	<b>1 000 000</b>	<b>750 000</b>	<b>8 103 404</b>	<b>8 270 702</b>	<b>23 478 386</b>	<b>23 788 608</b>

**FONDATION DES AMIS DE L'ENFANCE (MONTRÉAL) INC.**
**STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2022**

	<u>2022</u>	<u>2021</u>
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the year		
General fund	223 740	1 878 117
Capital asset fund	(533 962)	(491 827)
Add (deduct) items not involving cash		
Amortization of capital assets	435 576	434 041
(Gain) loss on sale of on investments	1 136 310	(436 390)
	<u>1 261 664</u>	<u>1 383 941</u>
Changes in non-cash working capital items		
Accounts receivable	(77 873)	(60 902)
Prepaid expenses	1 449	(3 238)
Accounts payable	51 415	21 033
Unearned revenues	-	(3 500)
	<u>(25 009)</u>	<u>(46 607)</u>
	<u>1 236 655</u>	<u>1 337 334</u>
<b>INVESTING ACTIVITIES</b>		
Acquisition of capital assets	(268 278)	(38 274)
Purchases of investments	(3 372 302)	(3 523 482)
Proceeds from sale of investments	2 113 716	1 740 225
	<u>(1 526 864)</u>	<u>(1 821 531)</u>
<b>FINANCING ACTIVITIES</b>		
Deferred contributions	(680)	(4 120)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>	<u>(290 889)</u>	<u>(488 317)</u>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>851 780</u>	<u>1 340 097</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>560 891</u>	<u>851 780</u>

## FONDATION DES AMIS DE L'ENFANCE (MONTRÉAL) INC.

### NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022

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#### 1. STATUS AND PURPOSE OF THE FOUNDATION

FONDATION DES AMIS DE L'ENFANCE (MONTRÉAL) INC. (the "Foundation") is an incorporated not-for-profit organization under Part III of the Companies Act (Quebec) formed in October 1979 and is registered as a charity under the Income Tax Act. The mission of Ronald McDonald House Charities (RMHC) is to create, find and support programs that directly improve the health and well-being of children and their families. RMHC and the network of local Chapters, of which there are 16 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, 13 Regional RMHC Chapters work collaboratively through the support of RMHC Canada, Canada's national RMHC foundation, which is focused on contributing funding from [REDACTED] 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. The following programs, operated by the Foundation, represent the core functions of Ronald McDonald House Charities:

#### **Ronald McDonald House**

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

**FONDATION DES AMIS DE L'ENFANCE (MONTRÉAL) INC.****NOTES TO THE FINANCIAL STATEMENTS  
AS AT DECEMBER 31, 2022**

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**1. STATUS AND PURPOSE OF THE FOUNDATION (cont'd)**

These financial statements are prepared in accordance with Part III of the Chartered Professional Accountants of 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.

**2. SIGNIFICANT ACCOUNTING POLICIES****Use of estimates**

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from these estimates.

The main estimates relate to the useful lives and the amortization of capital assets.

**Fund accounting**

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

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

The Internally Restricted Fund was established to have funds available for future repairs to and maintenance of the property components of the Foundation.

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

**Revenue recognition**

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

Contributions are recorded in the appropriate funds when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted contributions are recognized as revenue in the General Fund when initially recorded in the accounts. Externally restricted contributions for use toward capital asset initiatives are recognized as revenue of the Capital Asset Fund when initially recorded in the accounts. Externally restricted contributions for which no appropriate fund exists, are recognized in the General Fund and are deferred and recognized as revenue when the associated expenses are recognized.

**FONDATION DES AMIS DE L'ENFANCE (MONTRÉAL) INC.****NOTES TO THE FINANCIAL STATEMENTS  
AS AT DECEMBER 31, 2022**

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**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)****Revenue recognition (cont'd)**

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

Revenue from room payments is recognized as revenue in the General Fund on an accrual basis when the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income (loss) consists of interest, dividends, and realized and unrealized gains and losses. General investment income earned on Capital Asset Fund and General Fund resources is recognized as revenue of the General Fund. Investment losses are allocated in a manner consistent with investment income.

**Recognition of pledges**

Because of the uncertainty surrounding the collectibility of pledges, the Foundation recognizes only those pledges for which amounts have been received at the date of completion of the financial statement.

**Capital assets**

Purchased capital assets are recorded at acquisition cost. Amortization is determined using the straight line method over the estimated useful lives of the assets as follows:

Building	30 years
Furniture and equipment	5 years
Computer hardware	3 years

**Cash and cash equivalents**

Cash and cash equivalents include bank overdrafts, balances that fluctuate frequently from being positive to overdrawn, and term deposits with a maturity period of three months or less from the date of acquisition. Term deposits that the Foundation cannot use for current transactions because they are restricted as reserves are also excluded from cash and cash equivalents.

**FONDATION DES AMIS DE L'ENFANCE (MONTRÉAL) INC.**
**NOTES TO THE FINANCIAL STATEMENTS  
AS AT DECEMBER 31, 2022**
**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**
**Financial instruments measurement**

The Foundation initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets subsequently measured at amortized cost include cash, accounts receivable and investments.

Financial liabilities measured at amortized cost include accounts payable.

The Foundation's financial assets measured at fair value include quoted shares and bonds.

**Transaction costs**

Transaction costs related to financial assets measured at fair value are expensed as incurred. Transaction costs related to other financial assets and financial liabilities are included or deducted in the initial measurement of the asset or liability.

**Impairment of long-lived assets**

Long-lived assets are tested for impairment when events of changes in circumstances indicate that their carrying value may not be recoverable. An impairment loss is recognized when the carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its residual value.

	<u>2022</u>	<u>2021</u>
	\$	\$
<b>3. ACCOUNTS RECEIVABLE</b>		
Ronald McDonald House Charities and others	307 614	218 720
Sales tax	54 467	25 168
Federal Grants - COVID-19	-	40 320
	<u>362 081</u>	<u>284 208</u>

**FONDATION DES AMIS DE L'ENFANCE (MONTRÉAL) INC.**
**NOTES TO THE FINANCIAL STATEMENTS  
AS AT DECEMBER 31, 2022**

	<u>2022</u>	<u>2021</u>
	\$	\$
<b>4. INVESTMENTS</b>		
<b>Measured at amortized cost</b>		
██████████ capital shares	121 720	121 720
Term deposit, 4 % (2021 : 1,75 %) maturing in July 2027	<u>8 843</u>	<u>8 691</u>
	<u>130 563</u>	<u>130 411</u>
<b>Measured at fair value</b>		
Cash held by investment managers	1 779 927	1 313 643
Bonds and other fixed income securities	7 365 793	7 881 891
Quoted shares	<u>5 381 274</u>	<u>5 209 336</u>
	<u>14 526 994</u>	<u>14 404 870</u>
Restricted for capital assets	<u>(1 000 000)</u>	<u>(750 000)</u>
	<u>13 657 557</u>	<u>13 785 281</u>
<b>Investment income consists of the following:</b>		
Interest and dividends	352 528	374 290
Investment gains	(1 136 310)	436 390
Management fees	<u>(82 981)</u>	<u>(80 256)</u>
	<u>(866 763)</u>	<u>730 424</u>

**5. WORKS OF ART**

The works of art are sculptures and paintings owned by the organization. They are recorded at cost and are not amortized.

**FONDATION DES AMIS DE L'ENFANCE (MONTRÉAL) INC.**
**NOTES TO THE FINANCIAL STATEMENTS  
AS AT DECEMBER 31, 2022**

6. CAPITAL ASSETS	Cost	Accumulated Amortization	2022	2021
			\$ Net Value	\$ Net Value
Building	12 895 219	5 137 699	7 757 520	8 187 361
Furniture and equipment	218 519	212 394	6 125	9 627
Computer hardware	6 701	3 350	3 351	5 584
Family room	336 408	-	336 408	68 130
	<u>13 456 847</u>	<u>5 353 443</u>	<u>8 103 404</u>	<u>8 270 702</u>
			<u>2022</u>	<u>2021</u>
			\$	\$

**7. LONG-TERM DEBT**

Loan, Canada Emergency Business Account  
The repayment of the loan by December 31, 2023 will result in a 33 % write-off representing an amount of \$20,000. If there is a remaining balance on January 1, 2024, the loan will be automatically renewed for a 2 year extended period at a fixed interest rate of 5 %, ending December 31, 2025, at which date the loan will have to be repayed in full.

40 000
40 000

Since there is a reasonable assurance that the Foundation will repay \$40,000 by December 31, 2023, the Foundation recognized \$20,000 in net income when the loan was granted, which is presented as government assistance in Canada Emergency Business Account.

## FONDATION DES AMIS DE L'ENFANCE (MONTRÉAL) INC.

### NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022

#### 8. DEFERRED CONTRIBUTIONS

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

	<u>2022</u>	<u>2021</u>
	\$	\$
Balance, beginning of year	136 300	140 420
Less : amount recognized as revenue in the year	<u>(680)</u>	<u>(4 120)</u>
Balance, end of year	<u><u>135 620</u></u>	<u><u>136 300</u></u>

#### 9. INTERNALLY RESTRICTED FUND

The board of directors of the organization resolved to restrict \$250 000 for the Replacement Reserve Fund. The Foundation may not use these internally restricted amounts for any other purpose without the approval of the board of directors.

#### 10. FINANCIAL RISKS

The Foundation regularly evaluates and manages the principal risks assumed with its financial instruments. The risks that arise from transacting in financial instruments include credit risk, interest rate risk and market and other price risk. The following analysis provides a measure of the Foundation's risk exposure and concentrations. There are no significant changes in the risk exposure from the prior period.

##### Interest rate risk

The Foundation is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate instruments subject the foundation to a fair value risk while the floating rate instruments subject it to a cash flow risk. The Foundation is exposed to this type of risk as a result of investments in bonds.

##### Market and other price risk

The investments of the Foundation are subject to price risk because changing interest rates impact the market value of the fixed rate investments, and the general economic conditions affect the market value of equity investments. The Foundation mitigates the risk by regularly rebalancing its portfolio.

**FONDATION DES AMIS DE L'ENFANCE (MONTRÉAL) INC.****NOTES TO THE FINANCIAL STATEMENTS  
AS AT DECEMBER 31, 2022**

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**11. EMPHYTEUTIC LEASE**

The Foundation has an emphyteutic lease for the land, for a period of 50 years ending on December 7, 2060. At this date, Sainte-Justine Hospital will become the owner of the building.

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**FONDATION DES AMIS DE L'ENFANCE (MONTRÉAL) INC.**

**NOTES TO THE FINANCIAL STATEMENTS  
AS AT DECEMBER 31, 2022**

**12. INTERFUND TRANSFERS**

The Foundation's management carried out the following interfund transfers during the year:

	General Fund		Internally Restricted Fund		Capital Assets Fund	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	\$	\$	\$	\$	\$	\$
Replacement and maintenance	(98 386)	(57 786)	-	-	98 386	57 786
Property Replacement Reserve Fund	(250 000)	(250 000)	250 000	250 000	-	-
Investments in capital assets	(268 278)	(38 274)	-	-	268 278	38 274
	<u>(616 664)</u>	<u>(346 060)</u>	<u>250 000</u>	<u>250 000</u>	<u>366 664</u>	<u>96 060</u>