

**RONALD MCDONALD HOUSE CHARITIES OF  
NORTHERN ALBERTA, AN ALBERTA SOCIETY**

**Financial Statements**

**Year Ended December 31, 2017**

**RONALD MCDONALD HOUSE CHARITIES OF NORTHERN ALBERTA,  
AN ALBERTA SOCIETY**

**Index to Financial Statements**

**Year Ended December 31, 2017**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Ronald McDonald House Charities of  
Northern Alberta, An Alberta Society

***Report on the Financial Statements***

We have audited the accompanying financial statements of Ronald McDonald House Charities of Northern Alberta, An Alberta Society, which comprise the statement of financial position as at December 31, 2017 and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

***Management's Responsibility 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.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

***Basis for Qualified Opinion***

In common with many charitable organizations, the Society derives revenue from donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to operations, assets or fund balances.

***Qualified Opinion***

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Edmonton, Alberta  
May 24, 2018



CHARTERED ACCOUNTANTS

**Ronald McDonald House Charities of Northern Alberta, An Alberta Society**  
**Statement of Financial Position**  
**December 31, 2017**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash (Note 4)	\$ 489,814	\$ 680,206
Accounts receivable (Note 5)	224,247	23,392
Prepaid expenses	44,183	77,732
	<u>758,244</u>	<u>781,330</u>
<b>INVESTMENTS (Note 6)</b>	<b>6,424,376</b>	<b>5,819,146</b>
<b>INVESTMENT IN PROPERTY</b>	<b>1,546,991</b>	<b>1,546,991</b>
<b>CAPITAL ASSETS (Note 7)</b>	<b>6,597,792</b>	<b>6,920,107</b>
	<u>\$ 15,327,403</u>	<u>\$ 15,067,574</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	150,708	101,110
Deferred contributions (Note 8)	130,690	201,236
	<u>281,398</u>	<u>302,346</u>
<b>FUND BALANCES</b>		
Unrestricted fund	3,648,058	3,838,452
Restricted fund (Note 9)	4,630,126	3,833,165
Capital asset fund (Note 9)	6,767,821	7,093,611
	<u>15,046,005</u>	<u>14,765,228</u>
	<u>\$ 15,327,403</u>	<u>\$ 15,067,574</u>

**COMMITMENTS (Note 11)**

**SUBSEQUENT EVENT (Note 17)**

**APPROVED BY THE BOARD**

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**RONALD MCDONALD HOUSE CHARITIES OF NORTHERN ALBERTA, AN ALBERTA SOCIETY**  
**Statement of Operations**  
**Year Ended December 31, 2017**

	Unrestricted		Restricted		Capital Asset		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
<b>REVENUES AND OTHER SUPPORT</b>								
Fundraising contributions	\$ 1,812,762	\$ 1,954,008	\$ 21,433	\$ 21,215	\$ 50,365	\$ 154,500	\$ 1,884,560	\$ 2,129,723
Fundraising activities and events	1,474,185	1,288,152	119,929	155,801	-	-	1,594,114	1,443,953
Ronald McDonald House room donations and fees	259,564	135,888	-	-	-	-	259,564	135,888
Other	8,252	7,370	-	-	-	-	8,252	7,370
	<b>3,554,763</b>	<b>3,385,418</b>	<b>141,362</b>	<b>177,016</b>	<b>50,365</b>	<b>154,500</b>	<b>3,746,490</b>	<b>3,716,934</b>
<b>EXPENSES</b>								
Program	1,452,777	1,582,934	131,052	87,346	-	-	1,583,829	1,670,280
Management and general	952,722	1,001,056	6,675	24,363	376,155	380,835	1,335,552	1,406,254
Fundraising	1,149,658	1,003,440	-	-	-	-	1,149,658	1,003,440
	<b>3,555,157</b>	<b>3,587,430</b>	<b>137,727</b>	<b>111,709</b>	<b>376,155</b>	<b>380,835</b>	<b>4,069,039</b>	<b>4,079,974</b>
<b>Excess (deficiency) of operating revenues over expenses</b>	<b>(394)</b>	<b>(202,012)</b>	<b>3,635</b>	<b>65,307</b>	<b>(325,790)</b>	<b>(226,335)</b>	<b>(322,549)</b>	<b>(363,040)</b>
Investment income, net <i>(Note 5)</i>	-	-	603,326	441,147	-	-	603,326	441,147
<b>Excess of revenues over expenses</b>	<b>(394)</b>	<b>(202,012)</b>	<b>606,961</b>	<b>506,454</b>	<b>(325,790)</b>	<b>(226,335)</b>	<b>280,777</b>	<b>78,107</b>
<b>Fund balances, beginning of year</b>	<b>3,838,452</b>	<b>3,711,636</b>	<b>3,833,165</b>	<b>3,736,711</b>	<b>7,093,611</b>	<b>7,238,774</b>	<b>14,765,228</b>	<b>14,687,121</b>
Transfers between funds <i>(Note 10)</i>	(190,000)	328,828	190,000	(410,000)	-	81,172	-	-
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 3,648,058</b>	<b>\$ 3,838,452</b>	<b>\$ 4,630,126</b>	<b>\$ 3,833,165</b>	<b>\$ 6,767,821</b>	<b>\$ 7,093,611</b>	<b>\$ 15,046,005</b>	<b>\$ 14,765,228</b>

**RONALD MCDONALD HOUSE CHARITIES OF NORTHERN ALBERTA, AN ALBERTA SOCIETY**  
**Statement of Cash Flows**  
**Year Ended December 31, 2017**

	<u>2017</u>	<u>2016</u>
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses for the year		
Unrestricted funds	\$ (394)	\$ (202,012)
Restricted funds	606,961	506,454
Capital asset funds	(325,790)	(226,335)
Items not affecting cash:		
Realized gain on investment	(88,144)	(120,550)
Unrealized gain on investment	(268,756)	(118,788)
Amortization	376,155	380,835
	<u>300,032</u>	<u>219,604</u>
Changes in non-cash working capital items:		
Accounts receivable	(200,855)	23,072
Prepaid expenses	33,549	(39,925)
Accounts payable and accrued liabilities	49,598	31,742
Deferred contributions	(70,546)	(49,460)
	<u>(188,254)</u>	<u>(34,571)</u>
	<u>111,778</u>	<u>185,033</u>
<b>INVESTING ACTIVITY</b>		
Purchase of capital assets	(53,840)	(70,520)
Increase in investment	(248,330)	(200,583)
	<u>(302,170)</u>	<u>(271,103)</u>
<b>DECREASE IN CASH</b>	<b>(190,392)</b>	<b>(86,070)</b>
Cash - beginning of year	<u>680,206</u>	<u>766,276</u>
<b>CASH - END OF YEAR</b>	<b>\$ 489,814</b>	<b>\$ 680,206</b>

# RONALD MCDONALD HOUSE CHARITIES OF NORTHERN ALBERTA, AN ALBERTA SOCIETY

## Notes to Financial Statements

Year Ended December 31, 2017

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### NOTE 1--NATURE OF OPERATIONS

#### Organization

Ronald McDonald House Charities of Northern Alberta, An Alberta Society (the Society) is incorporated under the Societies Act (Alberta) January 20, 1983. 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 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, 13 Regional RMHC Chapters work collaboratively through the support of RMHC Canada, Canada's national RMHC foundation, which is focused on contributing funding from McDonald's Restaurants of Canada and other donors, to support the building and operations of Ronald McDonald Houses, Family Rooms and Ronald McDonald Care Mobiles to help enable the support of families with sick children.

The Society fulfills their 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 Society operates a Ronald McDonald House which represents 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 Society helps families stay close to their ill or injured child through the Ronald McDonald House program located in Edmonton, 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.

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### NOTE 2--CHANGE IN ACCOUNTING POLICY FOR CAPITAL ASSETS

Effective January 1, 2017, the Society changed its accounting policy to amortize the capital assets from the declining balance method to the straight line method. The new policy is applied on a prospective basis.

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### NOTE 3--SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

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**RONALD MCDONALD HOUSE CHARITIES OF NORTHERN ALBERTA,  
AN ALBERTA SOCIETY**

**Notes to Financial Statements**

**Year Ended December 31, 2017**

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NOTE 3--SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 Restricted fund reports resources that are to be used for specific purposes as specified by the donor or the Board of Directors (the Board).

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

Cash

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the reporting date.

Investments

Investments include marketable securities, which are recorded at fair market value. Transactions are recorded on a trade date basis and transaction costs are expensed as incurred.

Investment in property

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

Capital assets

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

Building	40 years
Furniture and equipment	5 years
Computer equipment	3 years

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 fair value.

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**RONALD MCDONALD HOUSE CHARITIES OF NORTHERN ALBERTA,  
AN ALBERTA SOCIETY**

**Notes to Financial Statements**

**Year Ended December 31, 2017**

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NOTE 3--SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Contributed goods and services

Contributed goods are in the financial statements at fair market value can be reasonably estimated. Volunteers contribute a significant amount of time each year to assist the Society in carrying out its programs and services. Contributed services of volunteers are not recognized as revenue in these financial statements because fair value cannot be reasonably determined.

Foreign currency translation

Transactions denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the transaction date. Monetary assets and liabilities are translated into Canadian dollars at exchange rates in effect at the dates of the balance sheets. Non-monetary assets and liabilities are translated at the historic rate. Exchange gains and losses are included in the statement of operations, except to the extent that they relate to investments, in which case they are accounted for consistent with investment income (loss).

Revenue recognition

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

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. Unrestricted contributions are recognized as revenue in the Unrestricted fund when initially recorded in the accounts. Externally restricted contributions for capital asset initiatives are recognized as revenue of the Capital Asset fund when initially recorded in the accounts. Externally restricted contributions for purposes other than capital asset initiatives are recognized as revenue of the Restricted fund.

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.

Fees are recognized when the services have been provided. Revenue from room payments is recognized as revenue in the Unrestricted fund on an accrual basis when the amount to be received can be reasonably estimated and collection is reasonably assured.

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

Expense allocation

The costs of providing various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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**RONALD MCDONALD HOUSE CHARITIES OF NORTHERN ALBERTA,  
AN ALBERTA SOCIETY**

**Notes to Financial Statements**

**Year Ended December 31, 2017**

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NOTE 3--SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost and tested for impairment at each reporting date.

Use of estimates

The preparation of financial statements, in conformity with Canadian accounting standards for not-for-profit organizations, requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Significant estimates include amortization, allowances for doubtful accounts, accrued liabilities and deferred contributions. By their nature, these estimates are subject to measurement uncertainty and actual results could differ.

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NOTE 4--CASH

Cash includes \$72,843 (2016--\$41,400) in gaming proceeds which can only be used in accordance with the licensing agreement with the Alberta Gaming and Liquor Commission.

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NOTE 5--GOVERNMENT REMITTANCES RECEIVABLE

As of December 31, 2017, accounts receivable include government remittances receivable of \$34,910 (2016--\$11,780).

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NOTE 6--INVESTMENTS

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

	<u>2017</u>	<u>2016</u>
Cash held by investment managers		
Restricted funds	\$ 179,189	\$ 138,460
Restricted funds:		
Fixed income		
Canadian pooled funds	1,456,860	1,490,202
Global pooled funds	873,252	243,705
Equities		
Canadian	1,912,572	1,791,123
U.S.	958,313	1,013,517
Other international	1,044,190	1,142,139
	<u>\$ 6,424,376</u>	<u>\$ 5,819,146</u>

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**RONALD MCDONALD HOUSE CHARITIES OF NORTHERN ALBERTA,  
AN ALBERTA SOCIETY**

**Notes to Financial Statements**

**Year Ended December 31, 2017**

NOTE 6--INVESTMENTS *(continued)*

Investments in pooled funds have been allocated among the asset classes based on the underlying investments held in the pooled funds.

Investment income consists of the following:

	<u>2017</u>	<u>2016</u>
Unrealized gains	<b>\$ 268,753</b>	\$ 118,788
Dividends and other	<b>188,314</b>	228,713
Realized gains	<b>88,144</b>	120,550
Interest income	<b>87,107</b>	666
Management fees	<b>(28,992)</b>	(27,570)
	<b><u>\$ 603,326</u></b>	<b><u>\$ 441,147</u></b>

NOTE 7--CAPITAL ASSETS

	<u>Cost</u>	<u>2017 Accumulated amortization</u>	<u>Net book value</u>
Land	\$ 799,172	\$ 0	\$ 799,172
Buildings	9,398,170	3,666,068	5,732,102
Furniture, fixtures, equipment	877,674	820,075	57,599
Computer software and equipment	150,371	141,452	8,919
	<b><u>\$11,225,387</u></b>	<b><u>\$ 4,627,595</u></b>	<b><u>\$ 6,597,792</u></b>

	<u>Cost</u>	<u>2016 Accumulated amortization</u>	<u>Net book value</u>
Land	\$ 799,172	\$ 0	\$ 799,172
Buildings	9,398,170	3,431,114	5,967,056
Furniture, fixtures, equipment	823,834	696,711	127,123
Computer software and equipment	150,371	123,614	26,757
	<b><u>\$11,171,547</u></b>	<b><u>\$ 4,251,439</u></b>	<b><u>\$ 6,920,107</u></b>

**RONALD MCDONALD HOUSE CHARITIES OF NORTHERN ALBERTA,  
AN ALBERTA SOCIETY**

**Notes to Financial Statements**

**Year Ended December 31, 2017**

**NOTE 8--DEFERRED CONTRIBUTIONS**

Deferred contributions represent unspent resources externally restricted for program expenses in future years. Changes in the deferred contributions balance are as follows:

	<u>2017</u>	2016
Balance, beginning of year	<b>\$ 201,236</b>	\$ 250,696
Amount received during the year	<b>171,804</b>	122,844
Amount recognized as revenue during the year	<b><u>(242,350)</u></b>	<u>(172,304)</u>
Balance, end of year	<b><u>\$ 130,690</u></b>	<u>\$ 201,236</u>

The ending balance is comprised of:

	<u>2017</u>	2016
Gaming	<b>\$ 72,843</b>	\$ 41,400
Winter Wonderland 2018	<b>44,225</b>	0
RBC – RMHC Family Wellness grant	<b>13,622</b>	23,000
RBC Foundation - Resource Connect	<b>0</b>	68,655
Edmonton Community Foundation	<b>0</b>	40,000
Ronald McDonald House Charities	<b><u>0</u></b>	<u>28,181</u>
	<b><u>\$ 130,690</u></b>	<u>\$ 201,236</u>

**NOTE 9--RESTRICTED FUND BALANCE**

The restricted fund balance consists of the following:

	<u>2017</u>	2016
Amounts set aside for future projects by the board:		
Property reserve fund	<b>\$ 451,257</b>	\$ 361,257
Board restricted fund	<b>1,704,616</b>	1,754,616
Amounts set aside for future operation by the board:		
Financial stabilization fund	<b><u>2,474,253</u></b>	<u>1,717,292</u>
	<b><u>\$ 4,630,126</u></b>	<u>\$ 3,833,163</u>

Property Reserve Fund

The property reserve fund was established to have funds available for future repairs and maintenance to the house.

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**RONALD MCDONALD HOUSE CHARITIES OF NORTHERN ALBERTA,  
AN ALBERTA SOCIETY**

**Notes to Financial Statements**

**Year Ended December 31, 2017**

NOTE 9--RESTRICTED FUND BALANCE *(continued)*

Financial Stabilization Fund

The financial stabilization fund was established to secure the Society's future financial stability. The purpose of the fund is to provide a provision to cover the future cost of ongoing programs in the event of unanticipated loss of funding.

Board Restricted Fund

The board restricted fund was established to allow for unexpected and unbudgeted costs. These funds can only be spent with the Board's authorization.

NOTE 10--INTERFUND TRANSFERS

Transfers between funds consist of the following:

	Unrestricted Fund		Restricted Fund		Capital Asset Fund	
	2017	2016	2017	2016	2017	2016
Donations internally restricted by the board	<b>\$(100,000)</b>	\$ 0	<b>\$100,000</b>	\$ 0	<b>\$ 0</b>	\$ 0
Other transfers approved by the board	<b>(90,000)</b>	328,828	<b>90,000</b>	(410,000)	<b>0</b>	81,172
	<b>\$(190,000)</b>	\$ 328,828	<b>\$190,000</b>	\$(410,000)	<b>\$ 0</b>	\$ 81,172

NOTE 11--COMMITMENTS

The Society leases office space in Grande Prairie, under an agreement that expires November 2018. Future lease payments for 2018 will be approximately \$11,550.

The Society has also committed to supporting RMHC National Collective Fundraising Initiative for \$25,000 per year starting in 2018 for three years.

NOTE 12--RELATED PARTY TRANSACTIONS

Ronald McDonald House Charities (RMHC) is a system of independent, separately registered public benefit organizations, referred to as "Chapters" within the global organization. The Society is an independent operating Chapter within the RMHC system. Each Chapter is licensed by McDonald's Corporation and Ronald McDonald House Charities, Inc. to use RMHC related trademarks in conjunction with fundraising activities and the operation of its programs; the License Agreement also sets standards of operations for programs, governance, finance, branding and reporting.

During the year ended December 31, 2017, the Society received from Ronald McDonald House Charities, Inc. \$18,371 (2016--\$34,217); and the Society received \$183,412 (2016--\$180,864) from Ronald McDonald House Charities, Canada.

**RONALD MCDONALD HOUSE CHARITIES OF NORTHERN ALBERTA,  
AN ALBERTA SOCIETY**

**Notes to Financial Statements**

**Year Ended December 31, 2017**

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**NOTE 13--DONATED GOODS AND SERVICES**

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

	<u>2017</u>	2016
Management and general	<b>\$ 7,856</b>	\$ 16,839
Program	<b>194,389</b>	246,859
Fundraising	<b><u>220,814</u></b>	<u>269,196</u>
	<b><u>\$ 423,059</u></b>	<u>\$ 532,894</u>

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**NOTE 14--ALLOCATION OF EXPENSES**

The nature of the Society's operations dictates that its costs are largely influenced by the deployment of its staff. Similarly, the costs of supporting fundraising, program and administration expenses are directly correlated to the number of people working in each of those areas.

General management salary expenses are allocated based on the proportional hours worked as follows:

	<u>2017</u>	2016
Program expenses	<b>33%</b>	33%
Management and general expenses	<b>34%</b>	34%
Fundraising expenses	<b>33%</b>	33%

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**NOTE 15--FINANCIAL INSTRUMENTS**

The Society's financial instruments consist of cash, accounts receivable, investments and accounts payable and accrued liabilities.

The Society is exposed to the following risks through its financial instruments:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society's main credit risk relates to accounts receivable. Accounts receivable are generally amounts due from guests and the Goods and Services Tax rebate. The Society has numerous guests which reduces the concentration of credit risk. It is management's opinion that there is no significant credit risk as of December 31, 2017.

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**RONALD MCDONALD HOUSE CHARITIES OF NORTHERN ALBERTA,  
AN ALBERTA SOCIETY**

**Notes to Financial Statements**

**Year Ended December 31, 2017**

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NOTE 15--FINANCIAL INSTRUMENTS *(continued)*

Liquidity risk

Liquidity risk arises from the possibility that the Society might encounter difficulty in settling its debts or in meeting its obligations related to financial liabilities. It is management's opinion that the risk has been reduced due to the large cash and investments on hand at December 31, 2017.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Society mitigates this risk by using professional money managers and maintaining a diversified investment portfolio.

Currency risk

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 has investments denominated in foreign currency. Foreign exchange gains are included in the statement of operations.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk arising on its interest bearing assets. The Society's cash includes amounts held by financial institutions that earn interest at market rates. The Society manages its risk by monitoring interest being earned on excess funds.

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NOTE 16--CHARITABLE FUNDRAISING ACT AND REGULATION DISCLOSURE

Included in fundraising expenses are salaries and benefits of \$525,989 (2016--\$605,943) related to fundraising activities for the current year.

Amounts generated through fundraising were spent on general operations and to purchase equipment used in the programs.

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NOTE 17--COMPARATIVE FIGURES

Certain amounts in the prior year's financial statements have been reclassified for comparative purposes to conform with the presentation in the current year's financial statements. These reclassifications were done to conform with the Ronald McDonald House Charities financial reporting template.

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NOTE 18--SUBSEQUENT EVENT

Subsequent to the year end, the Board of Directors of the Society and the Board of Directors of Ronald McDonald House Southern and Central Alberta have voted to amalgamate. Unification is subject to approval by the membership of each organization and Service Alberta.

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