

Ronald McDonald House Charities of Southwestern Ontario
Financial Statements
December 31, 2024

Ronald McDonald House Charities of Southwestern Ontario

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For the year ended December 31, 2024

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Independent Auditor's Report

To the Board of Directors of Ronald McDonald House Charities of Southwestern Ontario:

Qualified Opinion

We have audited the financial statements of Ronald McDonald House Charities of Southwestern Ontario (the "Organization"), which comprise the statement of financial position as at December 31, 2024, and the statement of operations and changes in fund balances, statements of functional expenses, 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, except for the possible effects of the matter described in the Basis of Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2024, 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from fundraising activities and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenues over expenditures and its cash flows for the years ended December 31, 2024 and December 31, 2023, current assets and fund balances as at December 31, 2024 and December 31, 2023.

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 Organization 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 the 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

MNP LLP

London, Ontario

April 1, 2025

Chartered Professional Accountants

Licensed Public Accountants

Ronald McDonald House Charities of Southwestern Ontario

Statement of Financial Position

As at December 31, 2024

	General Fund	Capital Fund	Restricted Fund	Total 2024	Total 2023
Assets					
Current					
Cash (note 10)	\$ 510,168	\$ -	\$ 3,607,636	\$ 4,117,804	\$ 1,995,827
Accounts receivable (note 11)	365,911	-	-	365,911	333,599
Prepaid expenses and other assets	54,580	-	-	54,580	53,235
Short-term investments (notes 4 and 10)	1,653,340	-	-	1,653,340	980,388
	2,583,999	-	3,607,636	6,191,635	3,363,049
Long-term assets					
Investments (notes 4 and 10)	8,369,812	-	-	8,369,812	7,824,892
Capital assets (note 6)	-	6,698,528	-	6,698,528	6,597,786
Intangible assets (note 7)	-	9,810	-	9,810	13,988
Cash surrender value of life insurance	15,330	-	-	15,330	15,330
	\$ 10,969,141	\$ 6,708,338	\$ 3,607,636	\$ 21,285,115	\$ 17,815,045

Liabilities

Current

Accounts payable and accrued liabilities (note 8)

\$ 250,178 \$ - \$ - \$ 250,178 \$ 181,691

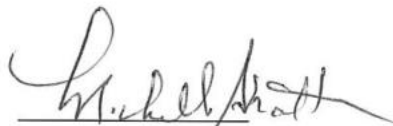
Commitments (note 9)

Fund balances

Fund balance, end of year (note 12)	\$ 10,718,963	\$ 6,708,338	\$ 3,607,636	\$ 21,034,937	\$ 17,633,354
	\$ 10,969,141	\$ 6,708,338	\$ 3,607,636	\$ 21,285,115	\$ 17,815,045

Approved on behalf of the Board


Director


Director

The accompanying notes are an integral part of these financial statements

Ronald McDonald House Charities of Southwestern Ontario

Statement of Operations and Changes in Fund Balances

For the year ended December 31, 2024

	General Fund		Capital Fund		Restricted Fund		Total
	2024	2023	2024	2023	2024	2023	2024
Revenue							
Contributions	\$ 2,638,953	\$ 1,772,800	\$ -	\$ -	\$ 1,593,649	\$ 301,012	\$ 4,232,602
Fundraising activities	1,929,608	1,287,704	-	-	-	300,103	1,929,608
Grants	661,805	658,980	-	-	-	7,815	661,805
Guest room accommodations	135,638	139,167	-	-	-	-	135,638
Other	4,928	226	-	-	-	-	4,928
Total Revenue	5,370,932	3,858,877	-	-	1,593,649	608,930	6,964,581
Expenses							
Program services	2,990,585	2,313,556	479,581	500,485	-	247,687	3,470,166
Management and general	470,962	428,028	-	-	-	-	470,962
Fundraising	844,824	808,584	-	-	-	-	844,824
Total Expenses (schedules 1 and 2)	4,306,371	3,550,168	479,581	500,485	-	247,687	4,785,952
Excess (deficiency) of operating revenue over expenses	1,064,561	308,709	(479,581)	(500,485)	1,593,649	361,243	169,467
Investment income (note 4)	1,222,954	834,273	-	-	-	-	1,222,954
Excess (deficiency) of revenue over expenses	\$ 2,287,515	\$ 1,142,982	\$ (479,581)	\$ (500,485)	\$ 1,593,649	\$ 361,243	\$ 1,003,740
Fund balance, beginning of year	9,204,204	8,141,243	6,611,774	6,937,494	1,817,376	1,550,877	17,633,354
Transfers between funds (note 5)	(772,756)	(80,021)	576,145	174,765	196,611	(94,744)	-
Fund balance, end of year	\$ 10,718,963	\$ 9,204,204	\$ 6,708,338	\$ 6,611,774	\$ 3,607,636	\$ 1,817,376	\$ 21,034,937
							\$ 17,633,354

The accompanying notes are an integral part of these financial statements

Ronald McDonald House Charities of Southwestern Ontario

Schedule 1 - Statement of Functional Expenses

For the year ended December 31, 2024

For the year ended December 31, 2021														
	Ronald McDonald House (London)	Ronald McDonald House (Windsor)	Ronald McDonald Family Room	Total	Program Services	Management and General	Support Services		Total Support Services	Total Expenses				
							Fundraising							
Advertising and promotion	\$ 1,510	\$ 855	\$ 484	\$ 2,849	\$ 1,615	\$ 90,980	\$ 92,595	\$ 95,444						
Amorization	453,308	21,249	5,024	479,581	-	-	-	479,581						
Direct mail	-	-	-	-	120	11,821	11,941	11,941						
Donor recognition	-	-	-	-	-	46,510	46,510	46,510						
Family support services and supplies	292,206	58,077	23,262	373,545	-	-	-	373,545						
Insurance	5,996	3,394	1,923	11,313	1,085	3,100	4,185	15,498						
Investment management fees	-	-	-	-	73,109	-	73,109	73,109						
IT Support	16,439	9,305	5,273	31,017	2,974	8,498	11,472	42,489						
Maintenance and repairs	335,924	129,160	-	465,084	-	3,934	3,934	469,018						
Education, training and meetings	42,687	24,162	13,692	80,541	7,723	19,995	27,718	108,259						
Office supplies	24,021	13,597	7,705	45,323	123,814	12,825	136,639	181,962						
Postage and courier	-	-	-	-	6,297	4,211	10,508	10,508						
Professional fees	-	-	-	-	21,415	63,566	84,981	84,981						
Salaries	978,178	553,686	313,755	1,845,619	176,977	505,649	682,626	2,528,245						
Travel, meals and entertainment	-	-	-	-	50,311	41,024	91,335	91,335						
Utilities	102,968	10,374	2,741	116,083	1,546	4,417	5,963	122,046						
Volunteer recognition	11,707	4,793	2,711	19,211	3,976	3,041	7,017	26,228						
Community relations	-	-	-	-	-	25,253	25,253	25,253						
Total Expenses	\$ 2,264,944	\$ 828,652	\$ 376,570	\$ 3,470,166	\$ 470,962	\$ 844,824	\$ 1,315,786	\$ 4,785,952						

The accompanying notes are an integral part of these financial statements

Ronald McDonald House Charities of Southwestern Ontario

Schedule 2 - Statement of Functional Expenses

For the year ended December 31, 2023

	Ronald McDonald House (London)			Ronald McDonald House (Windsor)			Ronald McDonald Family Room			Total		Support Services			Total Expenses	
		McDonald House	(London)	McDonald House	(Windsor)	McDonald Family Room	Program Services	Management and General	Support Services		Total Support Services					
									Fundraising	Services						
Advertising and promotion	\$	743	\$	421	\$	238	\$	1,402	\$	135	\$	153,636	\$	153,771	\$	155,173
Amortization		471,265		23,632		5,588		500,485		-		-		-		500,485
Direct mail		-		-		-		-		212		27,080		27,292		27,292
Donor recognition		-		-		-		-		-		34,364		34,364		34,364
Family support services and supplies		165,780		59,327		12,951		238,058		-		-		-		238,058
Insurance		5,315		3,009		1,705		10,029		962		2,748		3,710		13,739
Investment management fees		-		-		-		-		75,306		-		75,306		75,306
IT Support		13,549		7,669		4,346		25,564		2,451		7,004		9,455		35,019
Maintenance and repairs		334,664		114,827		413		449,904		-		500		500		450,404
Education, training and meetings		23,797		13,470		7,633		44,900		4,306		7,085		11,391		56,291
Office supplies		17,282		10,560		5,543		33,385		90,864		11,028		101,892		135,277
Postage and courier		-		-		-		-		5,700		11,690		17,390		17,390
Professional fees		1,669		945		535		3,149		26,294		63,660		89,954		93,103
Salaries		852,443		482,515		273,425		1,608,383		154,229		440,653		594,882		2,203,265
Travel, meals and entertainment		-		-		-		-		61,587		40,871		102,458		102,458
Utilities		113,868		6,699		3,796		124,363		2,141		6,118		8,259		132,622
Volunteer recognition		18,422		2,351		1,333		22,106		3,841		2,147		5,988		28,094
Total Expenses	\$	2,018,797	\$	725,425	\$	317,506	\$	3,061,728	\$	428,028	\$	808,584	\$	1,236,612	\$	4,298,340

The accompanying notes are an integral part of these financial statements

Ronald McDonald House Charities of Southwestern Ontario

Statement of Cash Flows

For the year ended December 31, 2024

	2024	2023
Cash provided by (used for) the following activities		
Operating		
Excess of revenues over expenses on fund operations	\$ 3,401,583	\$ 1,003,740
Items not affecting cash		
Amortization	479,581	500,485
Unrealized loss (gain) on investments	(179,514)	(541,428)
	3,701,650	962,797
Changes in working capital accounts		
Increase in accounts receivable	(32,312)	(3,219)
Increase in prepaid expenses and other assets	(1,345)	(15,895)
Increase in accounts payable and accrued liabilities	68,487	33,799
	3,736,480	977,482
Investing		
Net change in investments	(1,038,358)	(394,733)
Purchases of capital assets	(574,444)	(173,051)
Purchases of intangible assets	(1,701)	(1,714)
	(1,614,503)	(569,498)
Increase in cash resources	2,121,977	407,984
Cash resources, beginning of year	1,995,827	1,587,843
Cash resources, end of year	\$ 4,117,804	\$ 1,995,827
Cash resources are comprised of:		
General Fund	\$ 510,168	\$ 178,451
Restricted Fund	3,607,636	1,817,376
	\$ 4,117,804	\$ 1,995,827

The accompanying notes are an integral part of these financial statements

Ronald McDonald House Charities of Southwestern Ontario

Notes to the Financial Statements

For the year ended December 31, 2024

1. Purpose of the organization

Organization

Ronald McDonald House Charities of Southwestern Ontario is an Ontario not-for-profit, charitable corporation formed in 1985. During the year, the Organization changed its legal name from "Southwestern Ontario Children's Care Inc." to "Ronald McDonald House Charities of Southwestern Ontario". RMHC Southwestern Ontario supports families with children who are ill or injured by providing essential services that remove barriers, strengthen families, and promote healing while their child receives medical care. With a vision of a world where every family has what they need for the best health outcomes, RMHC helps ease emotional and financial burdens during difficult times. The wraparound services provided by RMHC also reduce hospital lengths of stay, providing relief to Ontario's paediatric healthcare system.

Across Canada, RMHC Southwestern Ontario is one of 12 Chapters working in close partnership with RMHC Canada, Canada's national RMHC foundation. RMHC Canada's focus is to enable funding from McDonald's Restaurants of Canada and other corporate donors to support, in part, the building and operations of Ronald McDonald Houses and Ronald McDonald Family Rooms across the country.

As the local RMHC Chapter for families across Southwestern and Northern Ontario, RMHC Southwestern Ontario serves families from 235 communities through three core programs. *Ronald McDonald House London*, a 40-bedroom House located steps away from Children's Hospital, London Health Sciences Centre, provides overnight accommodations, nutritious meals, and psycho-social support for families while their child receives medical treatment. *Ronald McDonald House Windsor*, a 6-bedroom House inside Windsor Regional Hospital – Metropolitan Campus and Canada's first RMHC House located within a hospital, allows families to stay overnight or access the Day Pass Program. The *Ronald McDonald Family Room* at Children's Hospital, London Health Sciences Centre, provides a quiet space inside the hospital where families can rest and recharge, featuring 3 sleep rooms for day and overnight use.

In addition to these facilities, *The Cart with a Heart Program* in both London and Windsor brings snacks, beverages, and comfort items directly to families at their child's bedside. Through these programs, RMHC Southwestern Ontario enables family-centered care, bridges access to quality healthcare, and strengthens families when they need it most.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Fund accounting

To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts are maintained in accordance with the principles of Fund Accounting. Under these policies, the following funds are used:

(i) General Fund

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

(ii) Capital Asset Fund

The Capital Asset fund reports the Organization's capital asset activities.

(iii) Restricted Fund

The Restricted fund consists of externally restricted revenues from fundraising activities and donations that are to be used in accordance with restrictions placed by the donors.

Ronald McDonald House Charities of Southwestern Ontario
Notes to the Financial Statements
For the year ended December 31, 2024

2. Significant accounting policies (continued from previous page)

Revenue recognition

The Organization 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 General fund when initially recorded in the accounts. Externally restricted contributions are recorded in the Restricted fund when initially recognized in the accounts.

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.

Room contributions are recognized when the services have been provided and payments have been received. Revenue from room payments is recognized as revenue in the General fund when the amount has been received.

Investment income (loss) consists of interest, dividends, income distributions from pooled funds, and unrealized gains and losses. Investment income and losses earned on Restricted fund or Capital Asset fund resources that must be spent on donor-restricted activities is recognized as revenue of the respective fund.

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 have been allocated among the programs and support services benefited.

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 statement of financial position. Non-monetary assets and liabilities are translated at the historical exchange rate.

Capital assets

Purchased capital assets are recorded at acquisition cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is calculated using the straight line method at the following annual rates.

Automobiles	5 years
Building - Ronald McDonald House London	40 years
Computer hardware	3 years
Computer software	3 years
Furniture, fixtures, equipment	5 years
Leasehold – Ronald McDonald Family Room	10 years
Leasehold – Ronald McDonald House Windsor	10 years
Parking lot	10 years

Assets not yet in use are not amortized until they are put into use.

Impairment of long-lived assets

Long-lived assets are tested for impairment when events or 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.

Ronald McDonald House Charities of Southwestern Ontario
Notes to the Financial Statements
For the year ended December 31, 2024

2. Significant accounting policies (continued from previous page)

Intangible assets

Website upgrades are recorded at cost and amortized over their estimated useful lives of 3 years.

Intangible assets are tested for impairment only when an event or circumstance occurs indicating that the fair value may be lower than their carrying amount.

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. Gifts in kind for the year amounted to \$9,410 (2023 - \$17,899). Directors and volunteers offer their time to assist in the Organization's activities. While these services benefit the Organization considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires directors and management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. By their nature, these estimates are subject to measurement uncertainty. These estimates are reviewed periodically and adjustments are made to income in the year which they become known. Actual results may vary from these estimates.

Financial instruments

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Organization's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Related party financial instruments

The Organization initially measures the following financial instruments originated/acquired or issued/assumed in a related party transaction ("related party financial instruments") at fair value:

- Investments in equity instruments quoted in an active market
- Debt instruments quoted in an active market
- Debt instruments when the inputs significant to the determination of its fair value are observable (directly or indirectly)
- Derivative contracts.

Ronald McDonald House Charities of Southwestern Ontario
Notes to the Financial Statements
For the year ended December 31, 2024

2. Significant accounting policies (continued from previous page)

All other related party financial instruments are measured at cost on initial recognition. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows, excluding interest, dividend, variable and contingent payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration transferred. When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received.

At initial recognition, the Organization may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value.

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Financial instruments that were initially measured at cost and derivatives that are linked to, and must be settled by, delivery of unquoted equity instruments of another entity, are subsequently measured using the cost method less any reduction for impairment.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in excess of revenues over expenses.

Financial asset impairment

The Organization assesses impairment of all its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group, there are numerous assets affected by the same factors, or no asset is individually significant. Management considers whether the issuer is having significant financial difficulty, whether there has been a breach in contract, such as a default or delinquency in interest or principal payments, in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

The Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess of revenues over expenses in the year the reversal occurs.

Government assistance

Government assistances is recognized where there is reasonable assurance that the Organization has complied and will continue to comply with all conditions of the assistance. Government assistance toward current expenditures is recognized in income for the period as revenue.

Customer's accounting for cloud computing arrangement

The Organization has applied the simplification approach to account for expenditures in a cloud computing arrangement. Under the simplification approach, the Foundation recognizes expenditures related to the elements in the cloud computing arrangement as an expense as incurred. In the current year, expenses of \$67,705 have been recognized in management and general expenses.

Ronald McDonald House Charities of Southwestern Ontario
Notes to the Financial Statements
For the year ended December 31, 2024

3. Change to accounting policies

Effective January 1, 2024, the Organization adopted the new guideline AcG-20 *Customer's Accounting for Cloud Computing Arrangements*. Applying the new guidelines results in the recognition, measurement, and disclosure of cloud computing arrangements, including the allocation of the arrangement consideration to significant separable elements of cloud computing arrangement.

There was no material impact on the financial statements from the application of the new accounting guideline.

4. Investments

Investments in pooled funds have been allocated among the asset classes based on the underlying investments held in the pooled funds. Rates of return on fixed income investments range from 2.75% to 4.95% (2023 – 1.90% to 7.03%). Short-term investments are those maturing within the next fiscal year. Long-term investments include equities being held for growth and fixed income investments maturing between 2025 and 2055.

	2024	2023
Investment income consists of the following:		
Interest, dividends and other	\$ 330,678	\$ 312,026
Realized gain (loss) on sale of investments	<u>712,762</u>	<u>(19,181)</u>
	<u>1,043,440</u>	<u>292,845</u>
Unrealized (loss) gain on investments	(49,019)	647,206
Foreign exchange gain (loss)	<u>228,533</u>	<u>(105,778)</u>
	<u>179,514</u>	<u>541,428</u>
Total investment income	<u>\$ 1,222,954</u>	<u>\$ 834,273</u>
General Fund	\$ 1,222,954	\$ 834,273
Restricted Fund	-	-
Total	<u>\$ 1,222,954</u>	<u>\$ 834,273</u>

5. Interfund transfers

The Organization transfers funds to the capital asset fund to fund purchases of capital assets. During the year, \$3,389 of capital asset purchases were funded by the restricted fund (\$94,744 in 2023), and \$572,756 of capital and intangible asset purchases were funded through the general fund (\$80,021 in 2023). During the year, the Organization also transferred \$200,000 from the unrestricted fund to the restricted fund (2023 – \$Nil). These transfers were approved by the Board of Directors.

Ronald McDonald House Charities of Southwestern Ontario
Notes to the Financial Statements
For the year ended December 31, 2024

6. Capital assets

	2024		2023	
	Cost	Accumulated amortization	Net	Net
Automobiles	\$ 31,638	\$ 31,638	\$ -	\$ -
Buildings – Ronald McDonald House London	9,894,887	3,680,672	6,214,215	6,035,944
Computer hardware	261,543	214,745	46,798	36,617
Computer software	49,126	48,867	259	779
Furniture, fixtures, equipment	1,209,961	1,001,127	208,834	164,802
Leasehold – Ronald McDonald Family Room	303,827	288,953	14,874	17,410
Leasehold – Ronald McDonald House Windsor	1,259,835	1,061,795	198,040	324,024
Parking lot	27,024	11,516	15,508	18,210
	\$ 13,037,841	\$ 6,339,313	\$ 6,698,528	\$ 6,597,786

Included in Buildings are \$219,099 (2023 - \$127,717) of capital additions not yet in use which are not being amortized. Amortization of \$473,701 (2023 - \$497,687) was recorded on the capital assets for the year.

7. Intangible assets

	2023		2022	
	Cost	Accumulated amortization	Net	Net
Website	\$ 18,487	\$ 8,677	\$ 9,810	\$ 13,988

Intangible assets consist of website development costs and upgrades. Amortization of \$5,879 (2023 - \$2,798) was recorded on the intangible assets for the year.

8. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities includes \$5,517 of payroll related remittances to the government (2023 - \$5,714).

9. Commitments

The Organization entered into a lease agreement with the London Health Sciences Centre ("the London hospital") whereby the Organization would lease from the London hospital certain land owned by the hospital. The initial term of the lease ends on July 31, 2083, with an aggregate annual base rent of \$1.

The Organization also entered into another lease agreement to support the Family Room with the London hospital whereby the Organization leases space within the hospital for \$NIL consideration. The initial term of the lease ends on March 31st, 2028.

The Organization entered into a lease agreement with the Windsor Regional Hospital ("the Windsor hospital") whereby the Organization would lease from the Windsor hospital certain portions of the building owned by the hospital for \$NIL consideration. The Organization is responsible for property insurance and repairs and maintenance costs. The initial term of the lease ends in May 2026.

The Organization has entered into a lease agreement with Blackbaud Inc. whereby the Organization is leasing their software services. The Organization is required to pay \$12,500 annually. The lease term ends June 30, 2027.

Ronald McDonald House Charities of Southwestern Ontario
Notes to the Financial Statements
For the year ended December 31, 2024

9. Commitments (continued from previous page)

The Organization has entered into a lease agreement with Finch Chevrolet Cadillac Buick GMC Ltd. whereby the Organization is leasing a vehicle. The Organization is required to pay \$597 per month. The lease term ends July 31, 2027.

10. Financial instruments

Unless otherwise noted it is management's opinion that the Organization is not exposed to significant risks. There have been no changes in the Organization's risk exposures from the prior year.

Interest rate risk

The Organization is exposed to this risk through its investment in fixed income securities and a pooled fund that holds fixed income securities as the fair value will fluctuate due to changes in market interest rates.

Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet its obligations as they become due. The Organization manages this risk by establishing budgets and maintaining sufficient funds on hand to cover its anticipated obligations.

Credit risk

The Organization is exposed to credit risk in connection with its accounts receivable and its short-term and fixed income investments due to the risk that one party to the financial instrument may cause a financial loss for the other party by failing to discharge an obligation.

Currency risk

The Organization holds investments denominated in foreign currencies and thus is exposed to the risk of earnings fluctuations arising from changes in the foreign exchange rate. Management does not believe this represents a significant risk to the Organization. The Organization does not use derivative instruments to reduce its exposure to foreign currency risk. The following amounts on the statement of financial position have been translated to Canadian dollars at the year-end exchange rate and are denominated in US dollars.

	<u>2024</u>	<u>2023</u>
Cash	\$ 71,612	\$ 53,028
Investments	\$ 2,072,685	\$ 1,261,421

Market risk

The Organization's investments in publicly traded securities expose the Organization to price risks as equity instruments are subject to price changes in an open market. The Organization does not use derivative financial instruments to reduce its exposure to this risk.

Ronald McDonald House Charities of Southwestern Ontario

Notes to the Financial Statements

For the year ended December 31, 2024

11. 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 Organization is an independent operating Chapter within the RMHC system. Each Chapter is licensed by Ronald McDonald House Charity Global and Ronald McDonald House Charities Inc. Canada to use RMHC related trademarks in conjunction with fundraising activities and the operation of its programs; the License Agreement also sets standards for programs, governance, finance, branding, and reporting. During the year ended December 31, 2024, the Organization received donations from local McDonalds Restaurants via RMHC Canada totaling \$593,529 (2023 - \$527,248); received \$462,601 from RMHC Canada and \$2,602 from RMHC Global (Total \$465,203) (2023 - \$425,212); and received \$284,230 (2023 - \$254,060) as part of its funding through the RMHC National Partnership Program (NPP).

Additionally, the Organization made payments to RMHC Global of \$Nil (2023 - \$2,474) for professional development and made payments to RMHC Canada of \$52,987 (2023 - \$61,121) for the NPP. In 2021, the decision was made to extend the NPP program for an additional 3 years due to the success of this collaborative approach for Canadian Chapters. In 2021 the NPP moved to be a self-funded model using a mission proportionate model. For Southwestern Ontario Children's Care Inc. this will translate to sharing approximately 7.8% of the program costs. These transactions are in the normal course of operations and measured at the exchange amount.

Included in accounts receivable is \$284,359 (2023 - \$257,964) from RMHC Canada.

12. Restricted fund

The Organization's restricted fund consists of the following balances at year-end:

	2024	2023
RMH London	\$ 90,390	\$ -
RMH Windsor	290,271	264,163
RMH Family Room – London	28,491	23,665
Pantry – RMH London	76,468	-
Pantry – RMH Windsor	9,740	-
Pay it Forward – RMH London	1,400	1,400
Fynn & Friends Den (Annual Refresh London)	17,866	17,866
Capital Replacement Fund	1,000	-
New Building Fund	3,092,010	1,510,282
	\$ 3,607,636	\$ 1,817,376

13. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.