

**RONALD MCDONALD HOUSE CHARITIES  
ATLANTIC ASSOCIATION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

**RONALD MCDONALD HOUSE CHARITIES ATLANTIC ASSOCIATION  
INDEX  
DECEMBER 31, 2017**

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# Independent auditor's report

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To the Directors of Ronald McDonald House Charities Atlantic Association

We have audited the accompanying financial statements of Ronald McDonald House Charities Atlantic Association, which comprise the statement of financial position as at December 31, 2017, the statements of earnings and 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 in our audits is sufficient and appropriate to provide a basis for our qualified audit opinion.

#### **Basis for qualified opinion**

In common with many not-for-profit organizations, Ronald McDonald House Charities Atlantic Association derives revenue from contributions and fundraising from the public, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Ronald McDonald House Charities Atlantic Association. Therefore, we were not able to determine whether any adjustments might be necessary to contribution and fundraising activities, excess of revenues over expenses, and cash flows from operations for the ended December 31, 2017 and two month period ended December 31, 2016, current assets as at December 31, 2017 and 2016, and net assets as at January 1, 2017 and November 1, 2016 and December 31, 2017 and 2016. Our audit opinion on the financial statements for the two month period ended December 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.

#### **Qualified opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Ronald McDonald House Charities Atlantic Association 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.

#### **Emphasis of matter**

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which explains that certain comparative information for the two month period ended December 31, 2016 has been restated.



Halifax, Canada  
March 21, 2018

Chartered Professional Accountants  
Licensed Public Accountants

RONALD MCDONALD HOUSE CHARITIES ATLANTIC ASSOCIATION  
STATEMENT OF EARNINGS  
FOR THE YEAR ENDED DECEMBER 31, 2017 (Note 1)

	Unrestricted		Restricted		Capital Fund		As restated (Note 2) Total 2016 \$
	2017	As restated (Note 2) 2016 \$	2017	As restated (Note 2) 2016 \$	2017	As restated (Note 2) 2016 \$	
<b>REVENUES</b>							
Contributions	566,617	38,736	30,213	-	-	-	38,736
Fundraising activities	338,264	-	-	-	-	-	-
Room fees	47,963	9,465	-	-	-	-	9,465
Grants	265,535	34,719	-	-	-	-	34,719
Other	12,490	496	-	-	-	-	496
	<u>1,230,869</u>	<u>83,416</u>	<u>30,213</u>	-	-	-	<u>83,416</u>
<b>EXPENSES</b>							
Amortization	-	-	-	-	40,105	6,423	6,423
Program	502,638	57,795	-	-	-	-	57,795
Management and general	202,521	48,164	-	-	-	-	48,164
Fundraising	289,488	51,228	-	-	-	-	51,228
	<u>994,647</u>	<u>157,187</u>	-	-	<u>40,105</u>	<u>6,423</u>	<u>163,610</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS</b>	<b>236,222</b>	<b>( 73,771)</b>	<b>30,213</b>	<b>-</b>	<b>( 40,105)</b>	<b>( 6,423)</b>	<b>( 80,194)</b>
<b>INVESTMENT INCOME</b>	<u>151,756</u>	<u>108,151</u>	-	-	-	-	<u>108,151</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>387,978</b>	<b>34,380</b>	<b>30,213</b>	<b>-</b>	<b>( 40,105)</b>	<b>( 6,423)</b>	<b>27,957</b>

*See accompanying notes to the financial statements*

RONALD MCDONALD HOUSE CHARITIES ATLANTIC ASSOCIATION  
 STATEMENT OF CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Unrestricted		Restricted		Capital Fund		As restated (Note 2) Total 2016	As restated (Note 2) Total 2017	As restated (Note 2) Total 2016	As restated (Note 2) Total 2017
	2017	As restated (Note 2) 2016	2017	As restated (Note 2) 2016	2017	As restated (Note 2) 2016				
FUND BALANCES - beginning of year, as previously stated	\$ 3,771,512	\$ 3,737,132	\$ -	\$ -	\$ 18,394	\$ 19,669	\$ 3,789,906	\$ 3,756,801	\$ 3,756,801	\$ 3,789,906
Change in accounting policy (Note 2)	( 56,352)	( 56,352)	67,617	67,617	210,382	215,530	221,647	226,795	226,795	221,647
As restated	3,715,160	3,680,780	67,617	67,617	228,776	235,199	4,011,553	3,983,596	3,983,596	4,011,553
EXCESS OF REVENUES OVER EXPENSES	387,978	34,380	30,213	-	( 40,105)	( 6,423)	378,086	27,957	27,957	378,086
TRANSFERS BETWEEN FUNDS	( 10,877)	-	-	-	10,877	-	-	-	-	-
FUND BALANCES - end of year	4,092,261	3,715,160	97,830	67,617	199,548	228,776	4,389,639	4,011,553	4,011,553	4,389,639

*See accompanying notes to the financial statements*

**RONALD MCDONALD HOUSE CHARITIES ATLANTIC ASSOCIATION**  
**STATEMENT OF FUNCTIONAL EXPENSES - 2017**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Program Services				Support services			Total \$
	Ronald McDonald House \$	Ronald McDonald Family Rooms \$	Other Program services \$	Total Program services \$	Management and general \$	Fundraising \$		
Wages and benefits	388,556	55,551	-	444,107	73,570	241,423	759,100	
Direct response	-	-	-	-	-	248	248	
Donor relationships	-	-	-	-	-	1,144	1,144	
Education, training and meetings	218	-	209	427	3,649	469	4,545	
Event logistics	-	-	-	-	-	24,240	24,240	
Family support and services	3,994	2,830	818	7,642	-	-	7,642	
Insurance	-	-	-	-	2,750	-	2,750	
Interest and bank charges	-	-	-	-	3,638	-	3,638	
Maintenance and repairs	11,677	-	-	11,677	-	-	11,677	
Memberships and licences	676	440	-	1,116	854	280	2,250	
Office supplies	510	855	-	1,365	782	1,074	3,221	
Postage and courier	-	-	-	-	2,125	1,328	3,453	
Printing	-	-	-	-	1,290	7,849	9,139	
Professional fees	-	-	-	-	12,428	-	12,428	
Property tax	2,583	-	-	2,583	-	-	2,583	
Occupancy	-	-	-	-	45,033	-	45,033	
Technology and telephone	2,730	1,299	175	4,204	41,824	2,830	48,858	
Travel and meals	222	399	3,062	3,683	7,348	6,280	17,311	
Utilities	24,405	-	-	24,405	-	-	24,405	
Volunteer resources and recognition	831	533	65	1,429	47	-	1,476	
Other	-	-	-	-	7,183	2,323	9,506	
	<u>436,402</u>	<u>61,907</u>	<u>4,329</u>	<u>502,638</u>	<u>202,521</u>	<u>289,488</u>	<u>994,647</u>	

*See accompanying notes to the financial statements*

RONALD MCDONALD HOUSE CHARITIES ATLANTIC ASSOCIATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE TWO MONTH PERIOD ENDED DECEMBER 31, 2016 (Note 1)

	Program Services			Support services			Total
	Ronald McDonald House \$	Ronald McDonald Family Rooms \$	Other Program services \$	Total Program services \$	Management and general \$	Fundraising \$	
Wages and benefits	46,416	-	-	46,416	15,155	50,957	112,528
Donor recognition	-	-	-	-	-	-	-
Memberships and licences	-	-	-	-	1,327	-	1,327
Education, training and meetings	2,549	-	-	2,549	-	-	2,549
Family support and services	-	622	-	622	-	-	622
Insurance	-	-	-	-	458	-	458
Interest and bank charges	-	-	-	-	261	-	261
Maintenance and repairs	2,553	-	-	2,553	-	-	2,553
Office supplies	-	-	-	-	2,598	-	2,598
Postage and courier	-	-	-	-	610	-	610
Printing	-	-	-	-	5,938	-	5,938
Professional fees	-	-	-	-	2,794	-	2,794
Property taxes	510	-	-	510	-	-	510
Occupancy	-	-	-	-	7,387	-	7,387
Technology and telephone	-	-	-	-	8,790	-	8,790
Travel and meals	-	-	-	-	-	-	-
Utilities	4,991	-	-	4,991	-	-	4,991
Volunteer resources and recognition	-	-	154	154	-	-	154
Other	-	-	-	-	2,846	271	3,117
	<u>57,019</u>	<u>622</u>	<u>154</u>	<u>57,795</u>	<u>48,164</u>	<u>51,228</u>	<u>157,187</u>

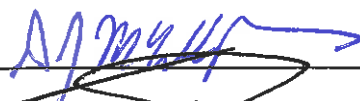
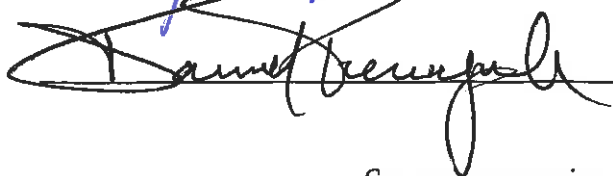
*See accompanying notes to the financial statements*



**RONALD MCDONALD HOUSE CHARITIES ATLANTIC ASSOCIATION 7**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2017**

<b>ASSETS</b>					As restated (Note 2)
	Unrestricted	Restricted	Capital	2017	2016
	\$	\$	\$	\$	\$
<b>CURRENT</b>					
Cash	41,668	97,830	-	139,498	87,735
Receivables	38,493	-	-	38,493	35,353
HST recoverable	18,794	-	-	18,794	30,348
Prepays	<u>35,297</u>	<u>-</u>	<u>-</u>	<u>35,297</u>	<u>16,954</u>
	134,252	97,830	-	232,082	170,390
<b>INVESTMENTS</b>	3,985,241	-	-	3,985,241	3,637,885
<b>CAPITAL ASSETS (Note 6)</b>	<u>-</u>	<u>-</u>	<u>199,548</u>	<u>199,548</u>	<u>228,776</u>
	<u>4,119,493</u>	<u>97,830</u>	<u>199,548</u>	<u>4,416,871</u>	<u>4,037,051</u>
<b>LIABILITIES</b>					
<b>CURRENT</b>					
Accounts payable and accrued liabilities	<u>27,232</u>	<u>-</u>	<u>-</u>	<u>27,232</u>	<u>25,498</u>
<b>FUND BALANCES</b>					
<b>UNRESTRICTED</b>	4,092,261	-	-	4,092,261	3,715,160
<b>RESTRICTED</b>	-	97,830	-	97,830	67,617
<b>CAPITAL FUND</b>	<u>-</u>	<u>-</u>	<u>199,548</u>	<u>199,548</u>	<u>228,776</u>
	<u>4,092,261</u>	<u>97,830</u>	<u>199,548</u>	<u>4,389,639</u>	<u>4,011,553</u>
	<u>4,119,493</u>	<u>97,830</u>	<u>199,548</u>	<u>4,416,871</u>	<u>4,037,051</u>
<b>COMMITMENT (Note 7)</b>					

Approved by the Board

  
 \_\_\_\_\_ Director  
  
 \_\_\_\_\_ Director

*See accompanying notes to the financial statements*

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017 (Note 1)**

	Unrestricted	Restricted	Capital	2017	As restated (Note 2) 2016
	\$	\$	\$	\$	\$
<b>CASH PROVIDED BY (USED FOR):</b>					
<b>OPERATING</b>					
Excess of revenues over expenses	387,978	30,213	( 40,105)	378,086	27,957
Items not affecting cash					
Amortization	-	-	40,105	40,105	6,423
Unrealized loss (gain) on investments	32,411	-	-	32,411	( 76,499)
Realized gain on investments	( 188,303)	-	-	( 188,303)	( 9,332)
	<u>232,086</u>	<u>30,213</u>	<u>-</u>	<u>262,299</u>	<u>( 51,451)</u>
Changes in non-cash working capital items					
Receivables	( 3,140)	-	-	( 3,140)	( 5,980)
HST recoverable	11,554	-	-	11,554	( 2,235)
Prepays	( 18,343)	-	-	( 18,343)	( 560)
Accounts payable and accrued liabilities	1,734	-	-	1,734	( 9,311)
	<u>223,891</u>	<u>30,213</u>	<u>-</u>	<u>254,104</u>	<u>( 69,537)</u>
<b>INVESTING</b>					
Acquisition of capital assets	( 10,875)	-	-	( 10,875)	-
Acquisition of investments	( 2,635,585)	-	-	( 2,635,585)	( 860,553)
Proceeds on disposal of investments	2,444,119	-	-	2,444,119	833,833
	<u>( 202,341)</u>	<u>-</u>	<u>-</u>	<u>( 202,341)</u>	<u>( 26,720)</u>
<b>CHANGE IN CASH</b>	21,550	30,213	-	51,763	( 96,257)
<b>CASH - beginning of year</b>	<u>20,118</u>	<u>67,617</u>	<u>-</u>	<u>87,735</u>	<u>183,992</u>
<b>CASH - end of year</b>	<u>41,668</u>	<u>97,830</u>	<u>-</u>	<u>139,498</u>	<u>87,735</u>

**RONALD MCDONALD HOUSE CHARITIES ATLANTIC ASSOCIATION 9**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017 (Note 1)**

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**1. NATURE OF OPERATIONS**

Ronald McDonald House Charities Atlantic Association (the "Association"), is a Nova Scotia registered charitable organization formed in 1981. The mission of the Association is to create, find and support programs that directly improve the health and well-being of children and their families. The Association supports seriously ill or disabled children by providing them and their families a caring and supportive "home away from home" and by extending this care to the hospital setting in Maritime communities through the Ronald McDonald Family Room Program.

The Association changed its year end effective December 31, 2016. The comparative figures represent two months of operations.

**2. CHANGE IN ACCOUNTING POLICY**

On January 1, 2017 the Association voluntarily changed its accounting policy for contribution revenue from the deferral method to the restricted fund method. The change was as a result of aligning financial reporting frameworks across the chapters. Under the deferral method, restricted contributions are recognized in the period in which the related expenses are incurred. Under the restricted fund method, contributions are recognized as revenue in the appropriate fund when received. The effect of this change in accounting policy has been retroactively restated.

The change in accounting policy has had the following impact on the Association's December 31, 2016 financial statements previously issued:

**STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES**

	As previously stated	Adjustment	Restated		
			Unrestricted Fund	Restricted Fund	Capital Fund
<b>REVENUE</b>					
Amortization of capital grants	<u>5,148</u>	( 5,148 )	-	-	-
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>33,105</u>	( 5,148 )	<u>34,380</u>	<u>-</u>	<u>( 6,423 )</u>
Fund balance - beginning of the year, November 1, 2016	3,756,801	226,795	3,680,780	67,617	235,199
Excess (deficiency) of revenues over expenses	<u>33,105</u>	( 5,148 )	<u>34,380</u>	<u>-</u>	<u>( 6,423 )</u>
Fund balance - end of year, December 3, 2016	<u>3,789,906</u>	<u>221,647</u>	<u>3,715,160</u>	<u>67,617</u>	<u>228,776</u>

**RONALD MCDONALD HOUSE CHARITIES ATLANTIC ASSOCIATION<sup>10</sup>**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017 (Note 1)**

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**2. CHANGE IN ACCOUNTING POLICY (Continued)**

**STATEMENT OF FINANCIAL POSITION**

	As previously stated	Adjustment	Restated		
			Unrestricted Fund	Restricted Fund	Capital Fund
<b>CURRENT LIABILITIES</b>					
Deferred revenue	<u>221,647</u>	<u>( 221,647 )</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>	<u>3,789,906</u>	<u>221,647</u>	<u>3,715,160</u>	<u>67,617</u>	<u>228,776</u>

**3. SIGNIFICANT ACCOUNTING POLICIES**

Basis of accounting

The Association has prepared these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Fund accounting

*Unrestricted fund*

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

*Restricted fund*

The Restricted Fund reports resources that are to be used for specific purposes as specified by the donor.

*Capital Fund*

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

Cash

Cash consists of cash on hand and bank balance held with a financial institution.

**RONALD MCDONALD HOUSE CHARITIES ATLANTIC ASSOCIATION<sup>11</sup>**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017 (Note 1)**

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Capital assets

On acquisition capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution.

Capital assets are measured at cost less accumulated amortization. Amortization is provided for using the following rates and method over the estimated useful lives as follows:

Building	20 years	Straight-line
Computer equipment	3 years	Straight-line
Equipment	5 years	Straight-line
Family room	10 years	Straight-line
Furniture and fixtures	5 years	Straight-line
Software	5 years	Straight-line

One half year's amortization is taken in the year of acquisition.

Impairment of long-lived assets

Long-lived assets are tested for impairment whenever events or changes in circumstances indicate that their service potential may not be realized. When a capital asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Any write-downs recognized are not reversed.

Income taxes

The Association is a registered charitable organization under the meaning assigned in section 149 (1) of the Income Tax Act, and, as such, is exempt from income taxes. Accordingly, no provision has been made in the accounts for income taxes.

Revenue recognition

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

Restricted contributions, grants, fundraising, room fees and other revenue 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 received.

Restricted contributions for use toward capital asset initiatives are recognized as revenue of the Capital Fund when initially received.

RONALD MCDONALD HOUSE CHARITIES ATLANTIC ASSOCIATION<sup>12</sup>  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017 (Note 1)

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, wages have been allocated among the programs and supporting services benefited based on time spent.

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.

Financial instruments

*Measurement of financial instruments*

The Association initially measures its financial assets and financial liabilities at fair value.

The Association subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments which are quoted in an active market and measured at fair value. Changes in fair value are recognized in excess of revenues over expenses.

Financial assets measured at amortized cost include cash and receivables.

Financial assets measured at fair value include investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

**RONALD MCDONALD HOUSE CHARITIES ATLANTIC ASSOCIATION<sup>13</sup>**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017 (Note 1)**

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial instruments (continued)

*Impairment*

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down is recognized in excess of revenues over expenses. Any previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of any reversal is recognized in excess of revenues over expenses.

Contributed goods and services

The Association benefits from donated services in the form of volunteer time and goods as support for various programs and objectives of the Association. Due to the difficulty of determining their fair value, these contributed goods and services are not recognized in these financial statements.

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 effect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates are used when accounting for items and matters such as estimated useful lives of capital assets and certain accrued liabilities. Actual results could differ from those estimates.

**4. CONTRIBUTIONS**

The Association receives contributions from various donor types including corporations, individuals, and service clubs. The Association has a close relationship with McDonald's restaurants and receives donations from various programs in place to benefit the Association. During 2017 the total donations received from McDonald's restaurants, including the funds from Happy Meal Program, McHappy day and coin box fund, totaled \$568,777 (2016 - \$24,719).

**RONALD MCDONALD HOUSE CHARITIES ATLANTIC ASSOCIATION<sup>14</sup>**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017 (Note 1)**

<b>5. INVESTMENT INCOME</b>	<b>Dec 31,</b>	<b>Dec 31,</b>
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Investment income is comprised of following items:		
Dividends and interest	<b>69,137</b>	25,468
Realized gain on disposal of investments	<b>188,303</b>	9,332
Unrealized (loss) gain on investments	<b>( 32,411)</b>	76,499
Unrealized foreign exchange (loss) gain	<b>( 52,490)</b>	1,252
Investment management fees	<b>( 20,783)</b>	<b>( 4,400)</b>
	<b><u>151,756</u></b>	<b><u>108,151</u></b>

<b>6. CAPITAL ASSETS</b>		<b>Accumulated</b>	<b>Net</b>	<b>Net</b>
	<b>Cost</b>	<b>Amortization</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Land	60,000	-	<b>60,000</b>	60,000
Building	1,000,811	927,568	<b>73,243</b>	89,735
Computer equipment and equipment	78,032	67,004	<b>11,028</b>	7,095
Family room - Moncton	156,380	112,073	<b>44,307</b>	59,945
Furniture and fixtures	3,703	370	<b>3,333</b>	-
Software	<u>21,823</u>	<u>14,186</u>	<u><b>7,637</b></u>	<u>12,001</u>
	<u><b>1,320,749</b></u>	<u><b>1,121,201</b></u>	<u><b>199,548</b></u>	<u><b>228,776</b></u>

**7. COMMITMENT**

i) The Association leases office space under an operating lease arrangement. Future minimum lease payments over the next three years are approximately as follows:

	\$
2018	45,000
2019	45,000
2020	19,000

ii) The Association has signed an agreement with an architectural firm for design services of a new Ronald McDonald House in Halifax.



**RONALD MCDONALD HOUSE CHARITIES ATLANTIC ASSOCIATION<sup>15</sup>**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017 (Note 1)**

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**8. 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 Association 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 Association received from Ronald McDonald House Charities, Inc. \$30,313 (2016 - \$NIL); and the Association received \$568,777 (2016 - \$NIL) from Ronald McDonald House Charities, Canada.

**9. FINANCIAL INSTRUMENTS RISKS**

*Risks and concentrations*

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the Associations' risk exposure and concentrations at December 31, 2017.

It is management's opinion that the Association is not exposed to significant interest rate risk from its financial instruments. The risks arising on financial instruments are limited to the following:

*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. Financial instruments that potentially subject the Association to concentrations of credit risk consist of cash, receivables and investments. The Association deposits its cash in and purchases investments from reputable financial institutions and therefore believes the risk of loss to be remote. The Association is exposed to credit risk from outstanding receivables balances. The Association believes this credit risk is minimized as the Association has a large and diverse receivable base. A provision for impairment of accounts receivable is established when there is objective evidence that the Association will not be able to collect all amounts due.

**RONALD MCDONALD HOUSE CHARITIES ATLANTIC ASSOCIATION<sup>16</sup>**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017 (Note 1)**

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**9. FINANCIAL INSTRUMENTS RISKS (Continued)**

*Liquidity risk*

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Association generates sufficient cash flow from operating activities to fund operations and fulfill obligations as they become due.

*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. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Association is mainly exposed to currency risk and interest rate risk.

*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. Certain assets are exposed to foreign exchange fluctuations. As at December 31, 2017, cash and investments of \$47,733 and \$444,430 respectively (2016 - \$35,673 and \$279,054) are reported in US dollars and converted into Canadian dollars. The Association has not entered into foreign exchange contracts to hedge this risk.

*Other price risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

**10. COMPARATIVE FIGURES**

Certain 2016 comparative information has been adjusted to reflect the change in accounting policy effective November 1, 2016 which required a restatement of fiscal 2016 amounts.