

Friends of Saskatchewan Children Inc.
Financial Statements
December 31, 2021

Friends of Saskatchewan Children Inc.

Contents

For the year ended December 31, 2021

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Management's Responsibility

To the Members of Friends of Saskatchewan Children Inc.:

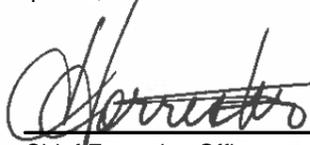
Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and the Finance, Audit, and Investment Committee are composed entirely of individuals who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities. The Finance, Audit, and Investment Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters, and financial reporting issues.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the Members to audit the financial statements and report directly to the members; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Finance, Audit, and Investment Committee and management to discuss their audit findings.

April 20, 2022



Chief Executive Officer

To the Members of Friends of Saskatchewan Children Inc.:

Qualified Opinion

We have audited the financial statements of Friends of Saskatchewan Children Inc. (the "Organization"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, changes in fund balances, functional expenses, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2021, and its financial performance 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 the general public in the form of contributions, fundraising activities and events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the financial records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to contributions, fundraising activities and events, excess (deficiency) of revenue over expenses, and cash flows from operations for the years ended December 31, 2021 and 2020, current assets as at December 31, 2021 and 2020, and fund balances as at January 1 and December 31 of both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended December 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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 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.

Independent Auditor's Report *(continued from previous page)*

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.

Saskatoon, Saskatchewan

April 20, 2022

MNP LLP

Chartered Professional Accountants

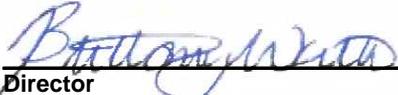
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Friends of Saskatchewan Children Inc.
Statement of Financial Position

As at December 31, 2021

	2021	2020
Assets		
Current		
Cash and cash equivalents	2,228,891	3,582,248
Accounts receivable	131,822	153,151
Goods and Services Tax receivable	12,256	9,403
Short-term investments (Note 3)	5,167,258	3,847,728
Accrued interest	12,580	10,006
Prepaid expenses	4,732	12,563
	7,557,539	7,615,099
Long-term investments (Note 4)	2,303,898	1,862,003
Capital assets (Note 5)	9,898,036	9,817,327
	19,759,473	19,294,429
Liabilities		
Current		
Accounts payables and accruals	102,487	104,345
Current portion of deferred contributions (Note 6)	190,348	131,648
	292,835	235,993
Deferred contributions (Note 6)	133,000	45,000
	425,835	280,993
Fund Balances		
General fund (Note 7)	5,865,000	4,980,000
Restricted fund (Note 7)	3,570,602	4,216,109
Capital asset fund (Note 7)	9,898,036	9,817,327
	19,333,638	19,013,436
	19,759,473	19,294,429

Approved on behalf of the Board of Directors



Director



Director

The accompanying notes are an integral part of these financial statements

Friends of Saskatchewan Children Inc.
Statement of Operations

For the year ended December 31, 2021

	<i>General Fund</i>		<i>Restricted Fund</i>		<i>Capital Asset Fund</i>		<i>2021</i>	<i>2020</i>
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>		
Revenues and other support								
Contributions	1,304,875	1,099,813	-	-	23,000	25,360	1,327,875	1,125,173
Fundraising activities and events	542,469	530,900	-	-	-	-	542,469	530,900
Grant revenue (<i>Note 10</i>)	266,634	286,085	-	-	-	-	266,634	286,085
Room fees	66,670	50,140	-	-	-	-	66,670	50,140
	2,180,648	1,966,938	-	-	23,000	25,360	2,203,648	1,992,298
Expenses								
Program - House	1,403,199	1,224,546	-	-	458,454	472,951	1,861,653	1,697,497
Program - Family Room	120,548	94,272	-	-	15,583	22,195	136,131	116,467
Management and general	426,305	329,281	-	-	7,211	7,785	433,516	337,066
Fundraising	309,477	314,709	-	-	3,397	3,668	312,874	318,377
Cost of direct benefit to donors	91,086	29,607	-	-	-	-	91,086	29,607
	2,350,615	1,992,415	-	-	484,645	506,599	2,835,260	2,499,014
Excess (deficiency) of operating revenues over expenses	(169,967)	(25,477)	-	-	(461,645)	(481,239)	(631,612)	(506,716)
Other items								
Government assistance (<i>Note 11</i>)	290,226	379,292	-	-	-	-	290,226	379,292
Loss on disposal of capital assets	-	-	-	-	(6,639)	(2,681)	(6,639)	(2,681)
Gain on disposal of investments	76,497	11,091	-	-	-	-	76,497	11,091
Interest and dividends	193,275	134,256	-	-	-	-	193,275	134,256
Investment management fees	(62,078)	(51,037)	-	-	-	-	(62,078)	(51,037)
Unrealized gain on fair value of investments	460,533	379,802	-	-	-	-	460,533	379,802
	958,453	853,404	-	-	(6,639)	(2,681)	951,814	850,723
Excess (deficiency) of revenues over expenses	788,486	827,927	-	-	(468,284)	(483,920)	320,202	344,007

The accompanying notes are an integral part of these financial statements.

Friends of Saskatchewan Children Inc.
Statement of Changes in Fund Balances

For the year ended December 31, 2021

	<i>General Fund</i>		<i>Restricted Fund</i>		<i>Capital Asset Fund</i>		<i>2021</i>	<i>2020</i>
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>		
Fund balances, beginning of year	4,980,000	4,900,000	4,216,109	3,482,893	9,817,327	10,286,536	19,013,436	18,669,429
Excess (deficiency) of revenues over expenses	788,486	827,927	-	-	(468,284)	(483,920)	320,202	344,007
	5,768,486	5,727,927	4,216,109	3,482,893	9,349,043	9,802,616	19,333,638	19,013,436
Transfers between funds <i>(Note 7)</i>	96,514	(747,927)	(645,507)	733,216	548,993	14,711	-	-
Fund balances, end of year	5,865,000	4,980,000	3,570,602	4,216,109	9,898,036	9,817,327	19,333,638	19,013,436

The accompanying notes are an integral part of these financial statements.

Friends of Saskatchewan Children Inc.
Statement of Functional Expenses

For the year ended December 31, 2021

	<u>Program Services</u>		Management and General	Fundraising	Cost of Direct Benefits to Donors	2021 Total	2020 Total
	Ronald McDonald House	Ronald McDonald Family Room					
Salaries	830,080	88,814	310,156	117,685	-	1,346,735	1,149,994
Employee benefits	86,510	6,565	19,606	8,361	-	121,042	83,177
Payroll taxes	53,249	6,284	11,746	6,133	-	77,412	69,399
Total salaries and related expenses	969,839	101,663	341,508	132,179	-	1,545,189	1,302,570
Advertising	-	-	2,385	111,282	-	113,667	99,462
Amortization	458,454	15,583	7,211	3,397	-	484,645	506,599
Automobile	-	-	10,241	-	-	10,241	2,630
Cleaning service and supplies	9,774	-	-	-	-	9,774	6,280
Direct mail	-	-	-	34,314	-	34,314	39,678
Donor recognition	-	-	-	383	-	383	2,565
Education, training and meetings	16,341	-	5,820	1,634	-	23,795	34,434
Family support services and supplies	177,630	11,518	-	-	-	189,148	147,161
Insurance	-	6	4,700	-	-	4,706	1,855
Linens and laundry	548	-	-	-	-	548	1,996
Maintenance and repairs	61,834	162	-	-	-	61,996	57,160
Office supplies	15,411	1,071	3,082	1,541	-	21,105	12,749
Other	8,783	-	4,962	11,702	41,953	67,400	38,778
Printing	-	-	-	-	-	-	-
Professional fees	-	-	39,684	-	-	39,684	36,818
Rent	-	-	-	-	-	-	-
Technology	25,778	2,136	6,241	12,636	-	46,791	57,239
Telephone	33,980	1,871	6,469	3,234	-	45,554	41,984
Travel, meals and entertainment	-	2,121	-	-	49,133	51,254	19,984
Utilities	77,112	-	1,213	572	-	78,897	86,875
Volunteer resources and recognition	6,169	-	-	-	-	6,169	2,197
Total expenses	1,861,653	136,131	433,516	312,874	91,086	2,835,260	2,499,014

The accompanying notes are an integral part of these financial statements.

Friends of Saskatchewan Children Inc.

Statement of Cash Flows

For the year ended December 31, 2021

	2021	2020
Cash provided by (used for) the following activities		
Operating		
Excess of revenues over expenses	320,202	344,007
Amortization	484,645	506,599
Gain on disposal of investments	(76,497)	(11,091)
Loss on disposal of capital assets	6,639	2,681
Unrealized gain on fair value of investments	(460,533)	(379,802)
	274,456	462,394
Changes in working capital accounts		
Accounts receivable	21,329	41,044
Goods and Services Tax receivable	(2,853)	3,126
Accrued interest	(2,574)	(2,127)
Prepaid expenses	7,831	(6,660)
Accounts payable and accruals	(1,858)	69,459
Deferred contributions	146,700	(52,936)
	443,031	514,300
Investing		
Purchase of capital assets	(571,993)	(48,684)
Proceeds on disposal of capital assets	-	8,613
Purchase of investments	(3,141,453)	(665,020)
Proceeds on disposal of investments	1,917,058	793,564
	(1,796,388)	88,473
Increase (decrease) in cash resources	(1,353,357)	602,773
Cash and cash equivalents, beginning of year	3,582,248	2,979,475
Cash and cash equivalents, end of year	2,228,891	3,582,248

The accompanying notes are an integral part of these financial statements

Friends of Saskatchewan Children Inc.

Notes to the Financial Statements

For the year ended December 31, 2021

1. Incorporation and nature of the organization

Friends of Saskatchewan Children Inc. (the "Organization") is a Saskatchewan not-for-profit, charitable corporation formed on December 14, 1982. The Organization operates as Ronald McDonald House Charities Saskatchewan ("RMHC-SK"). 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 Organization fulfills its mission through operation of sustainable programs that enable family-centered care, bridge access to quality health care, are a vital part of the health care continuum, and strengthen families during difficult times. The following programs, operated by the Organization, represent the core functions of RMHC-SK:

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 Organization helps families stay close to their ill or injured child through the Ronald McDonald House program located in Saskatoon, Saskatchewan which provides temporary lodging, meals and other support to children and their families. The program provides families with emotional and physical comfort and increases the caregivers' ability to spend more time with their child, to interact with their clinical care team, and to participate in critical medical care decisions.

Ronald McDonald Family Room

When a child is critically ill, parents may be reluctant to leave the hospital. In order to provide comfort and support to their child, it is important that parents have an opportunity to rest, have a meal, or have a moment of quiet. Located inside medical care facilities, the Ronald McDonald Family Room program in the Prince Albert Victoria Hospital Pediatric Unit serves as a place of respite, relaxation, and privacy for family members, often just steps away from where their child is being treated. The Ronald McDonald Family Room program provides parents with an opportunity to remain close to their hospitalised child and to be an active member of their child's health care team.

Impact on operations of COVID-19 (coronavirus)

In early March 2020 the impact of the global outbreak of COVID-19 (coronavirus) began to have a significant impact on businesses through the restrictions put in place by the Canadian, provincial, and municipal governments regarding travel, business operations, and isolation/quarantine orders.

The Organization's operations were impacted by COVID-19 due to the cancellation or redesign of fundraising events, fluctuations in demand as a result of variable timing of the provision of healthcare services due to delay of non-urgent surgeries, changes to policies for accepting new families at the Ronald McDonald House, and temporary closure of the Ronald McDonald Family Room. The impact of COVID-19 has been partially offset by available Government subsidies for which the Organization was eligible, as indicated in Note 11.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may continue to cause continued interruption in services and fundraising initiatives which may negatively impact the Organization's business and financial condition.

2. Significant accounting policies

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

Fund accounting

The Organization follows the restricted fund method of accounting for contributions, and maintains three funds: General Fund, Restricted Fund, and Capital Asset Fund.

The General Fund reports the Organization's unrestricted resources available for general core functions.

The Restricted Fund reports the Organization's resources that are to be used for specific purposes as specified by the donor or the Board of Directors (the "Board"). Any funds internally restricted by the Board are recorded through a transfer to the respective fund.

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

Revenue recognition

The Organization uses the restricted fund method of accounting for contributions.

Unrestricted contributions, grants and bequests are recognized as revenue in the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions, grants, or bequests are recognized as revenue of the Restricted Fund or Capital Asset Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions for purposes other than those of the Restricted Fund or Capital Asset Fund are recognized as revenue in the General Fund in the year in which the related expenses are recognized.

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 fees are recognized when services are provided. Revenue from room payments is recognized as revenue in the General Fund when the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income consists of interest, dividends, income distributions from pooled funds, and realized and unrealized gains and losses. Investment income 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 when earned. General investment income earned on Restricted Fund, Capital Asset Fund, and General Fund resources is recognized as revenue of the General Fund when earned.

Contributed materials and services

Contributions of materials are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials are used in the normal course of the Organization's operations and would otherwise have been purchased. Volunteers contribute many hours to assist the Organization, however, because of the difficulty in determining their fair value, volunteer hours are not recognized in the financial statements.

Financial instruments

The Organization adopted the amendments to Section 3856 *Financial Instruments* effective January 1, 2021. The new standard has had minimal impact on the Organization.

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

2. Significant accounting policies *(Continued from previous page)*

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 made such an election during the year. All investments have been designated to be subsequently measured at their fair value. Fair value is determined by published price quotations.

The Organization subsequently measures all other financial assets and liabilities at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Related party financial instruments

The Organization initially measures all 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 (refer to Note 10).

The Organization subsequently measures financial instruments that were initially measured at cost 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 revenue over expenses.

Financial asset impairment

The Organization assesses impairment of all its financial assets measured at cost or amortized cost. 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 revenue 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 revenue over expenses in the year the reversal occurs.

Cash and cash equivalents

Cash and cash equivalents include cash on deposit and short-term investments with maturities of three months or less from the date of purchase unless they are held for investment rather than liquidity purposes, in which case they are classified as investments.

Investments

Investments are measured at fair value. Any changes in fair value are recorded immediately in the excess (deficiency) of revenues over expenses.

2. Significant accounting policies (Continued from previous page)

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives. Land is not amortized.

	Rate
Ronald McDonald House	5 %
Ronald McDonald Family Rooms	5 %
Computer equipment	30 %
Furniture and fixtures	20 %
Signage	20 %
Paving, fencing, and land development	20 %
Vehicles	20 %

Long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Organization writes down long-lived assets held for use when conditions indicate that the group of assets no longer contribute to the Organization's ability to provide goods and services. The assets are also written-down when the value of future economic benefits or service potential associated with the group of assets is less than its net carrying amount. When the Organization determines that a long-lived asset is impaired, its carrying amount is written down to the asset's fair value. Any subsequent recovery is not recorded.

Measurement uncertainty

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and as adjustments become necessary they are reported in excess (deficiency) of revenues over expenses in the periods in which they become known.

Allocation of expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited, based on a direct allocation, full-time equivalent, or square footage component as applicable to expense.

Government assistance

Government assistance is recognized when there is reasonable assurance that the Organization has complied and will continue to comply with all conditions of the assistance.

Government assistance toward current expenses is recognized in the excess (deficiency) of revenue over expenses for the period in other income.

Friends of Saskatchewan Children Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

3. Short-term investments

	<i>2021</i>	<i>2020</i>
Short-term investments recorded at fair market value:		
Equities and mutual funds (book value: 2021 - \$3,918,177, 2020 - \$3,190,987)	5,167,258	3,833,436
Fixed maturity debt instruments / Canadian bonds (book value: 2021 - nil, 2020 - \$14,083)	-	14,292
	5,167,258	3,847,728

Equities and mutual funds are recorded as short term due to the ability of the Organization to dispose of the investments at any time.

All fixed debt instruments presented as short-term investments matured prior to December 31, 2021, yielding 2.62%.

4. Long-term investments

	<i>2021</i>	<i>2020</i>
Long-term investments recorded at fair value:		
Fixed maturity debt instruments / Canadian bonds (book value: 2021 - \$2,252,652, 2020 - \$1,674,750)	2,303,898	1,862,003

Fixed maturity debt instruments consist of bonds and notes yielding between 1.25% and 6.93% (2020 - between 0.83% and 6.93%) with maturities ranging from January 2023 to December 2050 (2020 - March 2022 to December 2050).

5. Capital assets

	<i>2021</i>	<i>2020</i>
	<i>Cost</i>	<i>Net book value</i>
	<i>Accumulated amortization</i>	<i>Net book value</i>
Land	1,904,476	1,554,476
Ronald McDonald House	11,802,958	7,597,427
Ronald McDonald Family Rooms	344,832	273,889
Computer equipment	92,355	5,997
Furniture and fixtures	876,666	285,359
Signage	20,174	1,174
Paved surfaces	179,650	99,005
Vehicles	38,681	-
	15,259,792	9,817,327
	5,361,756	9,898,036

Friends of Saskatchewan Children Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

6. Deferred contributions

Deferred contributions consist of contributions received for the Adopt-a-Room campaign. Recognition of these amounts as revenue is deferred over the term of the commitments. Changes in the deferred contribution balance are as follows:

	2021	2020
Balance, beginning of year	176,648	229,584
Contributions received during the year	429,238	178,265
Less: Contributions recognized as revenue	(282,538)	(231,201)
	323,348	176,648
Less: Current portion	(190,348)	(131,648)
Balance, end of year	133,000	45,000

7. Fund balances

General Fund

The Organization is required by Ronald McDonald House Charities to retain approximately two and a half times the annual operating costs of the Organization as an operating reserve. As a result, \$5,865,000 (2020 - \$4,980,000) has been retained by the Organization in the General Fund to be in compliance with this requirement. Any excess amount or shortfall at year end will be transferred into or will be replenished from internally restricted net assets in the Restricted Fund as approved by the Board of Directors.

Restricted Fund

During the year, the Organization's Board of Directors approved the transfer out of \$645,507 to the General Fund and Capital Asset Fund (2020 - transfer in of \$733,216 from the General Fund) in order to internally restrict \$3,570,602 (2020 - \$4,216,109) to be held in the Restricted Fund for unexpected shortfalls or specific future causes, as well as investment in major capital expenditures.

Capital Asset Fund

The Board of Directors has internally restricted net assets invested in capital assets of \$9,898,036 (2020 - \$9,817,327). During the year, \$548,993 (2020 - \$14,711) was transferred to the Capital Asset Fund from the Restricted Fund (2020 - General Fund).

8. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity, or other price risks arising from these financial instruments except as otherwise disclosed.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Organization is exposed to interest rate fair value risk with respect to its investments including bonds and notes which are subject to fixed interest rates ranging from 1.25% to 6.93% (2020 - 0.83% to 6.93%). In seeking to minimize the risks from interest rate fluctuations, the Organization manages its exposure by selecting investments with a variety of rates of return and maturity dates.

8. Financial instruments *(Continued from previous page)*

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 foreign 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. The Organization's investments in equity funds, bond funds, bonds, and notes expose the Organization to price risk as these investments are subject to price changes in an open market due to a variety of reasons including changes in market rates of interest, general economic indicators, and restrictions on credit markets.

Credit concentration

As at December 31, 2021, one contributor accounted for 72% (2020 - one contributor, 60%) of accounts receivable. The Organization believes that there is no unusual exposure associated with the collection of these receivables. The Organization performs regular credit assessments of its customers and provides allowances for potentially uncollectible accounts receivable.

9. Income taxes

The Organization is registered as a charitable organization under the *Income Tax Act* (the "Act") and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Organization must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

10. 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 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, 2021, the Organization received \$266,634 (2020 - \$286,085) in grant revenue from Ronald McDonald House Charities, from whom \$85,171 (2020 - \$91,374) was recorded in accounts receivable at year-end.

11. Government assistance

During the year, the Organization recognized \$290,226 (2020 - \$379,292) in Canada Emergency Wage Subsidy ("CEWS") as other income, of which \$nil (2020 - \$23,080) was recorded in accounts receivable at year-end. CEWS, introduced in response to the COVID-19 (coronavirus) pandemic, provide eligible employers with a subsidy to cover a portion of wage costs paid to eligible employees during prescribed claim periods. There are no unfulfilled conditions related to amounts recognized. However, amounts claimed under these programs are subject to validation and detailed verification by the Federal Government.