
Financial statements of
March of Dimes Canada
Non-Profit Housing Corporation

March 31, 2021

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Independent Auditor's Report

To the Directors of
March of Dimes Canada Non-Profit Housing Corporation

Opinion

We have audited the financial statements of March of Dimes Canada Non-Profit Housing Corporation ("NPHC"), which comprise the statement of financial position as at March 31, 2021, and the statements of revenue and expenses, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of NPHC as at March 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with the basis of accounting described in Note 2 to the financial statements.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 NPHC in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist NPHC to comply with Section 80(2) of the *Housing Services Act*, and guidance in its application, issued by Housing and Residential Services Division of the Regional Municipality of Halton. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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 the basis of accounting described in Note 2 to the financial statements, 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 NPHC'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 NPHC or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing NPHC'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 GAAS 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 GAAS, 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 NPHC's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, 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 NPHC'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 NPHC 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.

The image shows the signature of Deloitte LLP in a cursive, handwritten style.

Chartered Professional Accountants
Licensed Public Accountants
July 27, 2021

March of Dimes Canada Non-Profit Housing Corporation

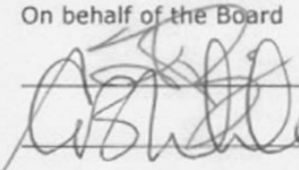
Statement of financial position

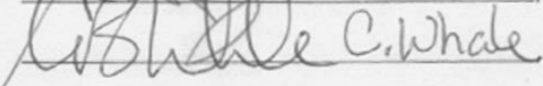
As at March 31, 2021

	Notes	2021 \$	2020 \$
Assets			
Current assets			
Cash		90,744	574,461
Restricted cash and investments	3	834,862	657,417
Accounts receivable		212,823	244,892
Prepaid expenses		51,017	49,161
		1,189,446	1,525,931
Capital assets	4	12,542,079	12,961,586
		13,731,525	14,487,517
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	8	213,959	255,831
Amount due to March of Dimes Canada ("MODC")	5b	349,612	767,997
Current portion of mortgage payable	6	346,977	337,162
		910,548	1,360,990
Long-term mortgage payable	6	3,165,224	3,512,201
Deferred capital contributions	7	8,844,761	8,728,971
		12,920,533	13,602,162
Commitments	9		
Fund balances (deficiency)			
Invested in capital assets		231,880	190,684
Unrestricted funds		(70,359)	(7,220)
Externally restricted fund		20,361	20,361
Internally restricted funds – Halton Region		1,056	4,006
Capital reserve funds	2a(i)	628,054	677,524
		810,992	885,355
		13,731,525	14,487,517

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

On behalf of the Board

 Director

 C. Whale Director

March of Dimes Canada Non-Profit Housing Corporation
Statement of revenue and expenses

Year ended March 31, 2021

		Jean and Howard Caine Apartments	Jason's House	Meynell House	Standing Oaks	Wade Hampton House and Bishop Alexander Carter House	2021 Total	2020 Total
	Notes	\$	\$	\$	\$	\$	\$	\$
Revenue								
Grant subsidy	8	670,349	25,011	—	51,976	9,970	757,306	736,250
Rent	5a(ii)	339,451	4,447	72,426	16,027	145,550	577,901	509,767
Parking and laundry		23,344	—	—	—	—	23,344	23,235
Utilities		—	6,150	—	—	—	6,150	6,150
Miscellaneous		6,507	1,337	2,436	835	1,035	12,150	30,480
Capital contributions related to expenses	7	8,219	25,346	19,738	28,342	—	81,645	7,497
Amortization of deferred capital contributions	7	1,152	360	3,835	43,343	180,308	228,998	159,317
		1,049,022	62,651	98,435	140,523	336,863	1,687,494	1,472,696
Expenses								
Mortgage interest		105,359	—	—	—	—	105,359	114,919
Building materials, services and rent		113,449	17,507	63,792	26,165	81,145	302,058	342,382
Utilities		104,960	6,266	—	10,788	80,653	202,667	157,898
Property taxes		116,005	—	—	—	—	116,005	113,548
Labour-related		30,318	—	—	—	—	30,318	28,139
Other operating		9,728	25,346	19,738	29,850	—	84,662	10,282
Property management, administration and audit	5a(i)	189,945	7,355	10,404	10,620	13,024	231,348	153,509
Insurance		18,020	382	—	3,450	9,577	31,429	28,526
Interest		—	—	—	2,323	5,252	7,575	11,456
Bad debt expense (recovery)		2,932	—	585	—	—	3,517	—
		690,716	56,856	94,519	83,196	189,651	1,114,938	960,659
Grants designated for capital reserve		41,869	5,400	—	8,760	3,396	59,425	56,192
		732,585	62,256	94,519	91,956	193,047	1,174,363	1,016,851
Excess of revenue over expenses before the undernoted		316,437	395	3,916	48,567	143,816	513,131	455,845
Amortization of capital assets		338,315	636	4,044	43,343	151,686	538,024	458,804
(Deficiency) excess of revenue over expenses		(21,878)	(241)	(128)	5,224	(7,870)	(24,893)	(2,959)

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

March of Dimes Canada Non-Profit Housing Corporation
Statement of changes in fund balances
Year ended March 31, 2021

	Invested in capital assets	Unrestricted funds	Externally restricted fund (Note 2b)	Internally restricted funds- Halton Region	Capital reserve		2021 Total	2020 Total
					Jean and Howard Caine Apartments	Pooled Capital Fund		
Notes	\$	\$	\$	\$	\$	\$	\$	\$
Fund balances, beginning of year	190,684	(7,220)	20,361	4,006	492,468	185,056	885,355	846,311
(Deficiency) excess of revenue over expenses	(227,381)	202,488	—	—	—	—	(24,893)	(2,959)
Contribution from Operations to capital reserve	—	—	—	—	41,869	17,556	59,425	56,192
Interest on capital reserve investments	—	—	—	—	—	1,627	1,627	3,498
Unrealized gain on capital reserve investments	—	—	—	—	8,493	12	8,505	12,722
Withdrawals from capital reserve	—	—	—	—	(81,451)	(37,576)	(119,027)	(30,409)
Inter-fund transfers								
Purchase of capital assets	118,517	(118,517)	—	—	—	—	—	—
Deferred capital contributions spent	(200,162)	200,162	—	—	—	—	—	—
Mortgage payable	337,162	(337,162)	—	—	—	—	—	—
Due to MODC on account of capital loan	13,060	(13,060)	—	—	—	—	—	—
Transfer from Internally restricted to Unrestricted	—	2,950	—	(2,950)	—	—	—	—
Fund balances, end of year	231,880	(70,359)	20,361	1,056	461,379	166,675	810,992	885,355

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

March of Dimes Canada Non-Profit Housing Corporation

Statement of cash flows

Year ended March 31, 2021

	2021 \$	2020 \$
Operating activities		
Deficiency of revenue over expenses	(24,893)	(2,959)
Items not involving cash		
Amortization	538,024	458,804
Amortization of deferred capital contributions	(228,998)	(159,317)
Capital contributions related to expenses	(81,645)	(7,497)
Unrealized gain on capital reserve investments	8,505	12,722
Changes in non-cash operating working capital		
Accounts receivable	32,069	(61,681)
Prepaid expenses	(1,856)	(1,107)
Amount due to MODC	(418,385)	525,210
Accounts payable and accrued liabilities	(41,872)	(218,605)
	(219,051)	545,570
Financing activities		
Deferred capital contributions	426,433	3,415,117
Mortgage principal repayments	(337,162)	(327,626)
	89,271	3,087,491
Investing activities		
Capital reserve contributions	59,425	56,192
Interest on capital reserve	1,627	3,498
Withdrawals from capital reserve	(119,027)	(30,409)
Purchase of capital assets	(118,517)	(3,469,674)
	(176,492)	(3,440,393)
(Decrease) increase in cash and restricted cash and investments	(306,272)	192,668
Cash and restricted cash and investments, beginning of year	1,231,878	1,039,210
Cash and restricted cash and investments, end of year	925,606	1,231,878
Consisting of		
Cash	90,744	574,461
Restricted cash and investments	834,862	657,417
	925,606	1,231,878
Supplemental cash flow information		
Interest received	2,549	8,790
Interest paid	112,934	126,375

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

March of Dimes Canada Non-Profit Housing Corporation

Notes to the financial statements

March 31, 2021

1. Nature of Organization

Ontario March of Dimes Non-Profit Housing Corporation (the "Corporation") was incorporated without share capital on June 2, 1992. The Corporation was formed to provide and operate housing accommodation, with or without any public space, recreational facilities, and commercial space or buildings appropriate thereto primarily to accommodate persons with physical disabilities. In 2013, the Corporation applied for continuance under the Canada Not-for-profit Corporations Act. The application was approved in May 2013 and the Corporation is now known as March of Dimes Canada Non-Profit Housing Corporation ("NPHC"). NPHC is classified as a registered charity under the Income Tax Act (Canada) and, as such, is exempt from income taxes.

NPHC owns and operates five properties in the Province of Ontario: Jean and Howard Caine Apartments, located in Oakville; Jason's House, located in Hamilton; Standing Oaks, located in Sarnia; and Wade Hampton House and Bishop Alexander Carter House, located in Sudbury. In addition, NPHC also leases and operates an additional property, Meynell House, located in Toronto. Effective April 1, 2021, March of Dimes Canada ("MODC") would assume the management of Meynell House's operations within MODC's Community Support Services program.

2. Summary of significant accounting policies

(a) Basis of presentation

These financial statements have been prepared in accordance with the prescribed accounting policies to comply with Section 80(2) of the *Housing Services Act* and guidance in its application issued by the Housing and Residential Services Division of the Regional Municipality of Halton (the "Halton Region"). The basis of accounting used in these financial statements materially differs from Canadian accounting standards for not-for-profit organizations ("ASNPOs") as follows:

(i) Capital reserve funds

Under the terms of the operating agreement with Halton Region, NPHC is required to establish capital reserve funds for the purpose of funding major asset repairs and replacement. Grant subsidies designated for the Capital reserve funds are initially recorded in the Statement of revenue and expenses and then transferred to the Capital reserve fund. Additions to the capital reserve funds represent grants received from Halton Region for specific capital projects and are recorded directly in the capital reserve funds and not on the Statement of revenue and expenses. Expenses made from capital reserve funds are reported within these funds and not on the Statement of revenue and expenses.

Interest income earned and unrealized gain on capital reserve funds are recorded directly to the capital reserve funds and are not reported on the Statement of revenue and expenses.

The cash and investments of the capital reserve fund for the Jean and Howard Caine Apartments that are funded under the Housing Services Act are restricted and can only be used for capital expenses, as defined in the Halton Region's Guide to the Annual Information Return.

Additional capital reserve funds have been established for the other properties by the Board of Directors. The Pooled capital reserve fund is restricted in that they may only be used for capital expenses, but no specific amounts are designated for individual properties. In addition, the Sudbury expansion project is now complete and contributing to the capital reserve fund separately based on Canada Mortgage and Housing Corporation ("CMHC") requirements.

March of Dimes Canada Non-Profit Housing Corporation

Notes to the financial statements

March 31, 2021

2. Summary of significant accounting policies (continued)

(a) Basis of presentation (continued)

(ii) Amortization

Amortization on the Jean and Howard Caine Apartments is recognized in an amount equal to the principal repayment on the mortgage (which is financing both the land and the building).

(b) Externally restricted fund

This fund was established during 2016 to account for any future claims related to a special investigation, as instructed by the Halton Region.

(c) Capital assets

Buildings are stated at cost less accumulated amortization.

Amortization on Jason's House, Wade Hampton House, Standing Oaks and Bishop Alexander Carter House building is recognized over a period of 40 years using the straight-line method.

Furniture and equipment are being amortized over a period of 5 to 10 years using the straight-line method.

Leasehold improvements are amortized over the term of the lease.

(d) Revenue recognition

NPHC follows the deferral method of recognizing rental revenue and grant subsidies.

Unrestricted contributions (donations) are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Capital contributions are deferred and amortized over the life of the related capital asset. Capital contributions that relate to expenses not capitalized are recognized as revenue when the expense is incurred.

Contributed services are not recognized in the financial statements.

Investment income is recognized on the accrual basis.

(e) Financial instruments

Cash and restricted cash and investments are measured at fair value. Changes in fair value of restricted cash and investments held for capital reserve funds are recorded directly in the capital reserve funds and not on the Statement of revenue and expenses, as described in Note 2 (a)(i). Accounts receivable, accounts payable and accrued liabilities and mortgage payable are measured at amortized cost.

Investments are detailed in Note 3.

It is management's opinion that NPHC is not exposed to significant interest, currency, market or credit risks arising from financial instruments.

March of Dimes Canada Non-Profit Housing Corporation

Notes to the financial statements

March 31, 2021

2. Summary of significant accounting policies (continued)

(f) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the Statement of financial position date and the reported amounts of revenue and expenses during the year. Future actual results may differ from such estimates. Balances which require some degree of estimation include accrued liabilities, amortization of capital assets and deferred capital contributions.

3. Restricted cash and investments

	2021 \$	2020 \$
Capital reserve funds	628,054	677,524
Tenant deposits	20,518	19,876
Deferred capital contributions (Note 7)	186,290	(39,983)
	834,862	657,417

The above balance is comprised of:

	2021 \$	2020 \$
Restricted cash	332,757	9,457
Restricted investments		
Term deposit	—	178,883
Pooled investments funds		
Social Housing Canadian Short-Term Bond Fund Series	366,468	340,878
Social Housing Canadian Bond Fund Series A	135,637	128,199
Total pool investments funds	502,105	469,077
	834,862	657,417

The term deposit matured on January 20, 2021 and the cash was transferred to the unrestricted cash account.

The pooled investment funds of \$502,105 (\$469,077 in 2020) are held with Worldsource Financial Management Inc., and have a cost of \$514,894 (\$479,706 in 2020).

March of Dimes Canada Non-Profit Housing Corporation

Notes to the financial statements

March 31, 2021

4. Capital assets

	Cost \$	Accumulated amortization \$	2021 Net book value \$	2020 Net book value \$
Jean Howard Caine Apartments				
Land	1,790,603	—	1,790,603	1,790,603
Building	6,402,615	4,676,249	1,726,366	2,063,528
Furniture and equipment	170,705	168,574	2,131	3,283
	8,363,923	4,844,823	3,519,100	3,857,414
Jason's House				
Building	26,332	20,727	5,605	6,241
Furniture and equipment	4,818	4,818	—	—
	31,150	25,545	5,605	6,241
Meynell House				
Furniture and equipment	90,262	86,998	3,264	4,125
Leasehold improvements	35,790	28,560	7,230	10,413
	126,052	115,558	10,494	14,538
Standing Oaks				
Building	782,443	335,798	446,645	466,206
Building expansion	944,257	54,434	889,823	913,614
Furniture and equipment	1,071	1,071	—	—
	1,727,771	391,303	1,336,468	1,379,820
Wade Hampton House				
Land	200,631	—	200,631	200,631
Building	2,247,634	543,015	1,704,619	1,760,800
Furniture and equipment	377,948	360,736	17,212	39,948
	2,826,213	903,751	1,922,462	2,001,379
Bishop Alexander Carter House				
Construction in progress	—	—	—	5,702,194
Building	5,820,711	72,761	5,747,950	—
	5,820,711	72,761	5,747,950	5,702,194
	18,895,820	6,353,741	12,542,079	12,961,586

March of Dimes Canada Non-Profit Housing Corporation

Notes to the financial statements

March 31, 2021

5. March of Dimes Canada

MODC has the mandate to maximize the independence, personal empowerment and community participation of people with physical disabilities. This is accomplished through several programs, including Assistive Devices, Employment Services and Independent Living Services. MODC is a registered charitable organization and, as such, is exempt from income taxes.

MODC controls and provides NPHC with financial and administrative services, including governance support. Additionally, MODC's oversight is provided on property management, tenant relations, direct community and public relations, and coordination of legal, audit and insurance.

(a) Transactions during the year include the following:

- (i) Included in property, management, administration and audit expenses are fees of \$10,020 (\$8,283 in 2020) paid to MODC for services provided in connection with properties other than the Jean and Howard Caine Apartments. MODC is not reimbursed for the value of the services provided for the Jean and Howard Caine Apartments.
- (ii) MODC rents a portion of NPHC premises and pays rent to NPHC. The total charges were \$39,014 (\$34,652 in 2020).

(b) Amount due to MODC consists of the following:

	2021 \$	2020 \$
In 2018, NPHC signed a promissory note with MODC for a loan in the amount of \$75,000 to support the expansion of the Standing Oaks building in Sarnia. The loan is repayable on demand and bears interest at the prime rate plus 1% per annum, but the principal and accrued interest are due no later than March 31, 2022	65,750	68,750
In 2010, NPHC signed a promissory note with MODC for a loan in the amount of \$251,000 to acquire the land and building in Sudbury, Ontario. The loan is repayable on demand and bears interest at the prime rate plus 1% per annum, but the loan is payable no later than March 31, 2025	135,962	146,022
Interest payable on the above promissory note.	13,955	13,955
Amounts payable to MODC for miscellaneous expenses including Sudbury capital project costs	133,945	539,270
	349,612	767,997

6. Mortgage payable

The mortgage payable is secured by the land and building of the Jean and Howard Caine Apartments and is guaranteed by CMHC. The mortgage balance of \$3,512,201 (\$3,849,363 in 2020) is being repaid over a 22-year amortization period in 5-year terms. The interest rate for the 5-year term ending March 1, 2023 is 2.89% calculated semi-annually. Monthly blended repayments of principal and interest are \$36,944 (\$36,944 in 2020).

March of Dimes Canada Non-Profit Housing Corporation

Notes to the financial statements

March 31, 2021

6. Mortgage payable (continued)

Principal repayments until the maturity date of March 1, 2028 are as follows:

	\$
2022	346,977
2023	357,077
2024	367,471
2025	378,168
2026	389,176
Thereafter	1,673,332
	<u>3,512,201</u>

7. Deferred capital contributions

Deferred capital contributions represent contributions received for capital purposes. The changes in the deferred capital contributions balance for the year are as follows:

	2021 \$	2020 \$
Balance, beginning of year	8,728,971	5,480,668
Received during the year	426,433	3,415,117
	9,155,404	8,895,785
Less amounts amortized to revenue		
Capital contributions related to expenses not capitalized	(81,645)	(7,497)
Amortization of deferred capital contributions	(228,998)	(159,317)
Balance, end of year	8,844,761	8,728,971

As at March 31, 2021, \$186,290 of deferred capital contributions have been received but not spent (\$39,983 of deferred capital contributions have been spent but not received in 2020). Therefore, the amount of deferred capital contributions spent during the year is \$200,162 (\$3,477,171 in 2020).

Included in the above \$426,433 (\$3,415,117 in 2020) is \$175,000 (\$700,000 in 2020) from the City of Greater Sudbury, a receivable of \$100,000 (\$1,375,800 in 2020) from the Ontario Ministry of Health, a receivable of \$15,000 (\$nil in 2020) from Greater Sudbury Development Corporation, and \$nil (\$1,123,892 in 2020) from CMHC, for the Sudbury Capital Project (Bishop Alexander Carter House).

8. Grant subsidy

During the year, NPHC paid \$1,048 (\$25,833 in 2020) to the Halton Region relating to the prior year grant subsidy and, based on the Annual Information Return, recorded a payable of \$14,039 (receivable of \$1,907 in 2020) for the current year subsidy adjustment.

March of Dimes Canada Non-Profit Housing Corporation

Notes to the financial statements

March 31, 2021

9. Commitments

NPHC has a contract with a property management firm for property management services that requires payments of \$174,877 (\$124,977 in 2020) per year up to July 5, 2021. This contract includes an additional amount of \$4,158 per month for a live-in Superintendent. The contract will be renewed on month by month basis thereafter.

NPHC leases land from the Rotary Club of Sarnia Charitable Foundation. The terms of the lease require annual lease payments of \$1, plus taxes. This lease expires on December 31, 2022.

10. Capital grant and forgivable loan

During the prior fiscal year, NPHC was the recipient of a one-time capital grant of \$1,375,800 from the Ontario Ministry of Health, \$1,123,892 from CMHC and a forgivable loan of \$700,000 (out of which a holdback of \$175,000 was collected during the current fiscal year) from the City of Greater Sudbury in relation to the Sudbury Phase 2 Redevelopment Project for the Acquired Brian Injury ("ABI") Services Congregate Home.

The amounts were previously included in deferred capital contribution (Note 7) and have been spent on the construction during the current fiscal year. The project was completed in December 2019 and 100% of the units have been occupied as of March 31, 2021.

11. Significant event – COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of NPHC in future periods.