Consolidated financial statements of
March of Dimes Canada

March 31, 2018

Deloitte.

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Independent Auditor's Report

To the Board of Directors of
March of Dimes Canada

We have audited the accompanying consolidated financial statements of March of Dimes Canada ("MODC"), which comprise the consolidated statement of financial position as at March 31, 2018, the consolidated statements of revenue and expenses, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Basis for Qualified Opinion

In common with many charitable organizations, MODC derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of MODC and we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenue over expenses and cash flows from operations for the years ended March 31, 2018 and 2017, current assets as at March 31, 2018 and 2017, and fund balances as at April 1, 2017 and 2016 and March 31, 2018 and 2017. Our audit opinion for the year ended March 31, 2017 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of MODC as at March 31, 2018 and the consolidated results of its operations and its consolidated cash flows for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
July 27, 2018

March of Dimes Canada

Consolidated statement of financial position

As at March 31, 2018

	Notes	2018	2017
		$	$
Assets			
Current assets			
Cash and restricted cash	3	**12,261,499**	11,702,882
Short-term investments	4	**4,188,414**	4,064,928
Accounts receivable	5	**7,734,695**	5,993,594
Amount due from March of Dimes Canada Non-Profit Housing Corporation ("NPHC")	6(a)	**285,350**	305,813
Prepaid expenses		**414,540**	456,262
Grants and allocations receivable		**7,960**	112,905
		24,892,458	22,636,384
Restricted investments	8	**5,679,927**	5,111,055
Capital assets	9	**5,713,654**	5,417,289
Intangible assets			
Goodwill	10(a)	**953,140**	—
Trademark	10(b)	**1,413,751**	1,413,751
		38,652,930	34,578,479
Liabilities			
Current liabilities			
Accounts payable and accrued charges	10(a) and 11	**9,554,905**	8,062,652
Unexpended program grants and deferred revenue	12	**2,494,204**	1,648,265
Government advances		**2,515,137**	3,712,635
		14,564,246	13,423,552
Deferred capital grants	13	**1,992,536**	1,737,156
		16,556,782	15,160,708
Commitments and contingencies	18		
Fund balances			
Invested in capital and intangible assets		**5,134,869**	5,093,884
Internally restricted funds:			
Building Capital Reserve	14(a)	**1,900,582**	1,466,667
Stabilization Reserve	14(b)	**8,254,881**	6,880,271
Major IT Capital Reserve	14(c)	**1,255,775**	1,250,000
Minor Capital Reserve	14(d)	**737,761**	825,000
Ability and Beyond	14(e)	**4,812,280**	3,901,949
		22,096,148	19,417,771
		38,652,930	34,578,479

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

On behalf of the Board

_______________ Director

_______________ Director

March of Dimes Canada

Consolidated statement of revenue and expenses

Year ended March 31, 2018

	Notes	2018	2017
		$	$
Revenue			
Government grants		**81,623,728**	79,325,369
Fees	7	**27,698,810**	21,267,144
Program recovery		**17,592,060**	15,523,012
Fundraising and non-government grants	15	**7,682,955**	6,737,285
Investment and other		**1,398,238**	1,403,275
		135,995,791	124,256,085
Expenses			
Programs			
Independent Living Services		**71,426,656**	66,322,118
Employment Services		**22,230,985**	17,462,480
AccessAbility® Services		**11,976,166**	12,134,926
Passport Services		**17,927,665**	15,964,517
Community Engagement and Integration Services		**4,724,868**	4,346,357
Information Advocacy Services, Grants and Awards		**528,341**	500,527
		128,814,681	116,730,925
Fundraising		**2,144,830**	2,065,933
Donor acquisition		**668,007**	567,503
Contribution to NPHC	6(a) (iii)	**165,907**	—
Administration		**8,474,051**	7,695,940
Administration recovery	20	**(7,412,370)**	(6,705,491)
Amortization	9	**462,308**	420,289
		133,317,414	120,775,099
Excess of revenue over expenses		**2,678,377**	3,480,986

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

									2018	2017
						Internally restricted funds				
	Notes	Operating Fund	Invested in capital and intangible assets	Building Capital Reserve	Stabilization Reserve	Major IT Capital Reserve	Minor IT Capital Reserve	Ability and Beyond	Total	Total
		$	$	$	$	$		$	$	$
		—	5,093,884	1,466,667	6,880,271	1,250,000	825,000	3,901,949	19,417,771	15,936,785
r		3,022,649	(360,635)	6,776	—	5,775	3,812	—	2,678,377	3,480,986
	9	—	758,673	(72,861)	(394,761)	—	(291,051)	—	—	
	13	—	(357,053)		357,053	—	—	—	—	—
	14(a)	(500,000)	—	500,000	—	—	—	—	—	—
	14(b)	(1,412,318)	—	—	1,412,318	—	—	—	—	—
	14(d)	(200,000)	—	—	—	—	200,000	—	—	—
	14	(1,500,000)	—	—	—	—	—	1,500,000	—	—
	8 and 14(e)	589,669	—	—	—	—	—	(589,669)	—	—
		—	5,134,869	1,900,582	8,254,881	1,255,775	737,761	4,812,280	22,096,148	19,417,771

part of the consolidated financial statements.

March of Dimes Canada

Consolidated statement of cash flows

Year ended March 31, 2018

	Notes	2018	2017
		$	$
Operating activities			
Excess of revenue over expenses		**2,678,377**	3,480,986
Items not involving cash			
Amortization		**462,308**	420,289
Amortization of deferred capital grants		**(101,673)**	(111,937)
Unrealized loss (gain) on restricted investments		**209,208**	(139,698)
Net assets acquired	10(a)	**(391,425)**	—
Changes in non-cash operating working capital			
Accounts receivable		**(1,741,101)**	(2,581,470)
Amount due from NPHC		**20,463**	(305,813)
Prepaid expenses		**41,722**	337,683
Grants and allocations receivable		**104,945**	(54,906)
Accounts payable and accrued charges		**1,492,253**	(277,429)
Amount due from NPHC		**—**	(240,171)
Unexpended program grants and deferred revenue		**845,939**	317,076
Government advances		**(1,197,498)**	1,403,012
		2,423,518	2,247,622
Financing activity			
Receipt of deferred capital grants		**357,053**	301,819
Investing activities			
Net assets acquired	10(a)	**(561,715)**	—
Restricted investments, net		**(778,080)**	(2,698,311)
Purchase of capital assets		**(758,673)**	(882,699)
		(2,098,468)	(3,581,010)
Increase (decrease) in cash and restricted cash and short - term investments		**682,103**	(1,031,569)
Cash and restricted cash and short-term investments, beginning of year		**15,767,810**	16,799,379
Cash and restricted cash and short-term investments, end of year		**16,449,913**	15,767,810
Represented by			
Unrestricted cash		**12,143,986**	11,525,748
Restricted cash	3	**117,513**	177,134
Short–term investments	4	**4,188,414**	4,064,928
		16,449,913	15,767,810

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

1. Purpose of the Organization

The Canadian Foundation for Poliomyelitics was incorporated in 1951 to eliminate polio. When reconstituted as an organization with members from across Canada, the original Board of Directors (the Board) from Ontario formed the Ontario Corporation, Rehabilitation Foundation for Poliomyelitics and the Orthopedically Disabled, which became known as Ontario March of Dimes (OMOD) and which was incorporated in 1957. The legal name of the corporation was subsequently changed to the Rehabilitation Foundation for the Disabled. As of May 2013, the non-profit corporation became incorporated Federally as March of Dimes Canada (MODC), OMOD no longer existed as a provincial entity, and the former subsidiary, March of Dimes Canada, was registered as March of Dimes Canada Foundation. All operations are currently carried out by MODC, and March of Dimes Canada Foundation remains inactive.

These consolidated financial statements include the assets, liabilities, revenues and expenses of MODC and March of Dimes Canada Foundation. Other controlled organizations are outlined in Note 6 and are not included in the consolidated financial statements.

MODC is a registered charitable organization and, as such, is exempt from income taxes.

MODC's programs include the following:

(a) Independent Living Services - to enable adults with physical disabilities and/or acquired brain injury to live independently in their own homes through a variety of services, such as Outreach Attendant Services, Supportive Housing and Acquired Brain Injury Services. Northern Medical Clinics are also offered by this department.

(b) Employment Services - to assist adults with physical disabilities to achieve independence through establishing employment plans, delivering training and on-the-job support. Programs offered include assessment services, DisKovery©, Canadian Veterans Vocational Rehabilitation Services and placement services.

(c) AccessAbility® Services - to provide assistive technologies, modifications to enhance independence and mobility. Services include Home and Vehicle Modifications program, Assistive Devices Program and Barrier-Free Design Consultation.

(d) Passport Services - to deliver grants provided by the Ministry of Community and Social Services to people with developmental disabilities for a variety of services. MODC has the contract for the Ottawa region.

(e) Conductive Education© - offers people who have had a stroke or other neuromotor impairment an innovative intervention based on learning theory. The Conductive Education© program promotes physical literacy, as well as confidence and independence and serves adults and children.

(f) Community Engagement and Integration Services - to enhance the quality of life of adults with physical disabilities through recreation and travel, leisure and social integration, BeFriending©, Life skills and Transition Services, ModMobility©, DesignAbility©, as well as Stroke Recovery and Post-Polio programming.

(g) Alternate Communication Services - During the 2016 fiscal year, management determined the need to create a new department combining several services for people with speech impairments and users of augmentative alternative communication systems and devices. In 2018, MODC launched After Stroke, a self-management website for stroke survivors and caregivers, peer support and mentoring, hospital visitation service education and public awareness to increase local, provincial and national support for stroke survivors including research into recovery and prevention of secondary strokes.

1. Purpose of the Organization (continued)

(h) Other services

(i) Government Relations, Advocacy and Information Services - to address issues within government that affect the well-being and inclusion of people with disabilities and to provide access to information about disability services and rehabilitation.

(ii) Business Services - MODC had partnered with Quadrangle Architects to provide AODA consulting services under a joint venture called AccessAbility Advantage©. This relationship terminated March 31, 2018 and the service continues under Barrier Free Design as described in (i) above. Other services include Finance, Mediation, Payroll, Training, eSSENTIAL Accessibility (delivering an accessible browser technology) and, from time to time, other administrative services.

2. Significant accounting policies

These consolidated financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants of Canada Handbook.

(a) Revenue recognition

MODC follows the deferral method of accounting for contributions.

Government and other grants, fees and sales, program recovery and other revenue are recognized on the accrual basis and are deferred until earned. Government grants relating to capital assets are deferred in an amount equal to the unamortized cost of the related capital assets.

Unexpended program grants and government advances represent funds received for specific programs that have not yet been expensed.

Fundraising revenue includes revenue from direct mail, foundations, United Ways, community campaigns, special events, charitable gaming, bequests and other donations, and is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Donation pledges are not recognized as revenue until received.

Investment income is recognized as earned.

(b) Financial instruments

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. MODC has elected to carry investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

2. Significant accounting policies (continued)

(b) Financial instruments (continued)

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indication of impairment, MODC determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset, and the amount MODC expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss is reversed to the extent of the improvement, not exceeding the initial carrying value.

Restricted investments consist of pooled funds which are valued at the unit values supplied by the pooled fund administrator, which represents MODC's proportionate share of underlying net assets at fair values determined using closing market prices. The change in the difference between the fair value and cost of investments at the beginning and end of each year is reflected in the consolidated statement of revenue and expenses and is transferred to the Ability and Beyond Funds annually.

The carrying amounts of cash and restricted cash, short-term investments, accounts receivable, amount due from NPHC, grants and allocations receivable, accounts payable and accrued charges, and government advances approximate their fair values due to the short-term nature of these financial instruments.

Unless otherwise noted, it is management's opinion that MODC is not exposed to significant interest, currency, market or credit risk arising from financial instruments.

(c) Capital assets

Capital assets are recorded at cost less accumulated amortization. Land associated with the 10 Overlea Boulevard, Toronto property is recorded at deemed cost, being its fair value at April 1, 2011. All other land is recorded at cost. Amortization is recorded at the following bases and annual rates, which are expected to amortize the net cost of these assets over their estimated useful lives:

Asset	Basis	Rate
Buildings	Declining balance	5%
Vehicles	Straight line	5 years
Machinery, equipment, computer hardware and software	Straight line	3 to 7 years
Leasehold improvements	Straight line	Term of related lease

When a capital asset no longer contributes to MODC's ability to provide services, its carrying amount is written down to its residual value.

(d) Intangible asset

Management reviews the carrying value of the indefinite life trademark for impairment, at least annually, whenever events and circumstances indicate that the carrying value of the asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. If the undiscounted expected future cash flows are deemed less than the carrying value of the asset, an impairment loss would be recognized equal to the amount by which the carrying value of the asset exceeds the fair value of the asset.

2. Significant accounting policies (continued)

(e) Goodwill

Goodwill represents the future economic benefits arising from assets acquired, to expand and further MODC's national presence, from InFocus Rehabilitation Services ("InFocus") (see Note 10(a)) that are not individually identified and separately recognized. Goodwill is not amortized and is tested for impairment whenever events or changes in circumstances indicate that the fair value of the entity to which the goodwill is assigned may be less than its carrying amount. When the carrying amount of a reporting unit exceeds its fair value, a goodwill impairment loss is recognized in income in an amount equal to the excess.

(f) Donated services

Volunteers contribute a significant number of hours to assist MODC in carrying out its service delivery, administration, as well as Board and advisory activities. Because of the difficulty of determining their fair values, such contributed services are not recognized in the consolidated financial statements.

(g) Allocation of fundraising and administration expenses

MODC classifies expenses on the consolidated statement of revenue and expenses by program. MODC allocates certain costs by identifying the appropriate basis of allocating and applying that basis consistently each year.

Administration expenses are allocated to programs based on allowable negotiated percentages in contracts.

Fundraising expense includes all direct costs, including staff, materials and occupancy costs and does not include any allocated expenses.

(h) Use of estimates

The preparation of consolidated 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 date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. Balances which require some degree of estimation and assumptions are investments, allowance for doubtful accounts, goodwill, intangible asset, accrued charges, unexpended program grants and deferred revenue, government advances, deferred capital grants, and amortization of capital assets.

3. Cash and restricted cash

Restricted cash of $117,513 ($177,134 in 2017) relating to Bingo and Lottery fundraising campaigns is included in Cash and restricted cash.

4. Short-term investments

Short-term investments are comprised of guaranteed investment certificates with maturing dates between May 7, 2018 and September 17, 2018 (between May 9, 2017 and September 18, 2017 in 2017) and bear interest between 1.45% and 1.80% (between 0.95% and 1.00% in 2017).

5. Accounts receivable

	2018	2017
	$	$
Trade	**3,879,675**	3,172,784
Program fees	**3,536,957**	2,233,640
Charitable gaming	**123,918**	155,893
Harmonized Sales Tax	**189,348**	301,676
Other	**86,106**	154,469
Allowance for doubtful accounts	**(81,309)**	(24,868)
	7,734,695	5,993,594

6. Controlled organizations

MODC controls the following organizations that are not consolidated in these financial statements:

(a) *March of Dimes Canada Non-Profit Housing Corporation ("NPHC")*

NPHC was incorporated by MODC on June 2, 1992, and received continuance approval under the Canada Not-for-profit Corporations Act in May 2013. It had been provincially registered, and was formerly known, as Ontario March of Dimes Non-Profit Housing Corporation.

NPHC was formed to provide accessible, affordable, supportive housing, primarily to accommodate persons with physical disabilities. NPHC is a non-profit charitable organization and, as such, is exempt from income taxes.

NPHC's financial statements are prepared in accordance with prescribed accounting policies which are applicable to Federal and Provincial non-profit housing programs as stipulated by the guidelines established by the Regional Municipality of Halton, its major funder.

Transactions during the year with NPHC were as follows:

(i) NPHC paid $7,704 ($7,704 in 2017) to MODC for services provided in connection with certain properties of NPHC. This amount is not reflective of actual costs of administrative and professional services provided by MODC to NPHC.

(ii) MODC rents a portion of NPHC premises and pays rent to NPHC. The total charges were $31,676 for 2018 ($31,209 in 2017).

(iii) During the year, MODC's Board of Directors approved a contribution from the MODC Housing Fund to NPHC of $165,907 ($nil in 2017) to be applied to the Sarnia capital project.

(iv) During the year, MODC's Board of Directors approved a contribution from the MODC Housing Fund of $420,000 ($nil in 2017) to NPHC to be applied to the Sudbury capital project, which will be disbursed in 2019.

6. Controlled organizations (continued)

(a) March of Dimes Canada Non-Profit Housing Corporation ("NPHC")

Amount due from NPHC consists of the following:

	2018	2017
	$	$
In March 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 the accrued interest are due no later than March 31, 2022	**75,000**	—
In 2010, NPHC signed a promissory note with MODC for a loan in the amount of $251,000 to acquire 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, 2020	**166,142**	176,202
Interest receivable on the Sudbury promissory note	**13,955**	13,955
Amounts receivable for insurance, audit and other expenses paid on behalf of NPHC	**30,253**	115,656
Amount due from NPHC	**285,350**	305,813

The following is a summary of financial information extracted from the financial statements of NPHC, and is not included in the consolidated financial statements of MODC:

	2018	2017
	$	$
Current assets	**1,448,707**	1,218,002
Capital assets	**7,950,833**	7,603,120
	9,399,540	8,821,122
Current liabilities	**944,600**	722,326
Mortgage payable (long-term)	**4,176,989**	4,495,347
Deferred capital contributions	**3,377,130**	2,754,764
	8,498,719	7,972,437
Fund balances	**900,821**	848,685
	9,399,540	8,821,122

6. Controlled organizations (continued)

(a) March of Dimes Canada Non-Profit Housing Corporation ("NPHC")

	2018	2017
	$	$
Revenue	**1,447,445**	1,556,389
Expenses, including amortization of $387,172 ($385,803 in 2017)	**1,396,715**	1,540,552
Excess of revenue over expenses	**50,730**	15,837
Cash flows provided by (used in)		
Operating activities	**451,029**	290,115
Financing activities	**515,506**	(67,104)
Investing activities	**(705,912)**	(89,676)
Net cash inflow	**260,623**	133,335

(b) Rehabilitation Foundation for Disabled Persons Incorporated, U.S. (RFDP, U.S.)

RFDP, U.S. is incorporated in the United States as a registered charity whose objectives parallel those of MODC. The revenue and expenses are reported in the year end of that subsidiary. The activities of this entity are immaterial to MODC and are not included in these consolidated financial statements.

7. Interest in joint venture

MODC entered into a joint venture agreement on June 1, 2010 with Quadrangle Architects Limited to provide services to the private, public and non profit business sectors to assist with compliance with the provisions of the Accessibility for Ontarians with Disabilities Act, 2005. No amount was contributed to the joint venture by MODC at the time of the agreement.

MODC accounts for its interest in the joint venture using the equity method, whereby its share of net income or loss of the joint venture is included in the consolidated statement of revenue and expenses when earned and/or expensed. The amount received during 2018 was $181,255 ($269,566 in 2017) which is included in Fees revenue.

This agreement ended on March 31, 2018.

8. Restricted investments

		2018		2017
	Cost	**Fair value**	Cost	Fair value
	$	**$**	$	$
Cash and cash equivalents	**65,474**	**65,474**	164,762	164,762
Pooled Ability and Beyond and Infrastructure funds	**5,449,660**	**5,614,453**	4,446,423	4,946,293
	5,515,134	**5,679,927**	4,611,185	5,111,055

8. Restricted investments (continued)

The unrealized gain (loss) on restricted investments is recorded in investment and other revenue in the consolidated statement of revenue and expenses, and then transferred from the Operating Fund to the Ability and Beyond Fund and Infrastructure Fund (Note 14(e)) each year, as these are the funds invested.

For the year ended March 31, 2018, the unrealized gain (loss) on restricted investments is as follows:

	2018	2017
	$	$
Ability and Beyond Fund	**(133,860)**	217,670
Infrastructure Fund	**(75,348)**	(77,972)
Total unrealized (loss) gain	**(209,208)**	139,698

9. Capital assets

			2018	2017
	Cost	**Accumulated amortization**	**Net book value**	Net book value
	$	**$**	**$**	$
Land	**1,901,383**	**—**	**1,901,383**	1,901,383
Buildings	**2,352,141**	**(1,466,238)**	**885,903**	903,286
Vehicles	**590,134**	**(501,593)**	**88,541**	142,539
Machinery, equipment computer hardware and software	**17,071,174**	**(14,455,494)**	**2,615,680**	2,244,088
Leasehold improvements	**3,318,147**	**(3,096,000)**	**222,147**	225,993
	25,232,979	**(19,519,325)**	**5,713,654**	5,417,289

The total cost of capital assets acquired during the year was $758,673 ($882,699 in 2017), and was partially financed by operating grants of $360,481 ($301,818 in 2017).

Amortization expense related to donor dollar funded programs totaled $369,266 ($339,615 in 2017), and the amortization expense relating to government grant funded programs totaled $93,042 ($80,674 in 2017).

10. Intangible assets

(a) Goodwill

MODC strategically purchased the net assets of InFocus, a company registered in British Columbia, on April 18, 2017, which positions MODC to bid on contracts. InFocus delivers services to clients who require Employment services and Acquired Brain Injury Services. This aligns with MODC's vision and values of providing services to people with physical disabilities so that they can achieve the highest possible level of independence.

The fair value of the assets acquired and liabilities assumed is as follows:

	$
Assets acquired	
Current assets	220,720
Property, plant and equipment	25,992
Goodwill	953,140
	1,199,852
Liabilities assumed	
Current liabilities	86,917
Net assets acquired	1,112,935
Consideration paid or payable	
Cash	561,715
Accounts payable and accrued liabilities	551,220
	1,112,935

Accounts payable and accrued liabilities relate to contractual contingent payments which are dependent on the fulfilment of certain conditions. Management has determined that the conditions are likely to be fulfilled. Of the amount, $123,603 has since been paid and $118,200 is due within the next fiscal year.

(b) Trademark

MODC acquired the trademark, "March of Dimes", in 2005 at a cost of $1,800,000. The productive life of the trademark was estimated to be 20 years, and $386,249 was expensed between 2005 and 2009, leaving the asset with a book value of $1,413,751. Management subsequently determined that the trademark has an indefinite life and, accordingly, ceased its amortization.

11. Accounts payable and accrued charges

Included in accounts payable and accrued charges are government remittances payable of $863,220 ($731,996 in 2017) for payroll-related taxes, all of which are current.

12. Unexpended program grants and deferred revenue

MODC receives funds from government and other funding sources whereby the use of these funds is restricted to certain projects or programs. Unexpended program grants, other than government grants, represent unexpended funds relating to projects in process as at the end of the fiscal year. These programs operate on a break-even basis with any excess of expenses over revenue being funded from donations or fee-based services or being carried forward against subsequent annual operating grants. Due to their restrictive nature, any excess funds from completed programs are either returned to their original source, or taken into general revenue after MODC has received the appropriate approval.

MODC received several designated gifts from donor estates, which are included in deferred revenue. These contributions are deferred until such time as they are spent as designated by the donor.

	2018	2017
	$	$
Balance, beginning of year	**1,648,265**	1,331,189
Amounts received	**3,395,950**	1,592,298
Amounts amortized to revenue	**(2,550,011)**	(1,275,222)
Balance, end of year	**2,494,204**	1,648,265

13. Deferred capital grants

Details of amounts received for capital asset purchases and amortization of the balances are as follows:

	2018	2017
	$	$
Balance, beginning of year	**1,737,156**	1,547,274
Amounts received	**357,053**	301,819
Amounts amortized to revenue	**(101,673)**	(111,937)
Balance, end of year	**1,992,536**	1,737,156

14. Internally restricted funds

(a) Building Capital Reserve Fund

In fiscal 2004, the Board established a separate Building Capital Reserve Fund to build a cash reserve for future major capital needs at 10 Overlea Boulevard, Toronto, such as roof replacement, etc. and allocates funds at the end of each year. From 2004, the accrual allocated was $25,000. The Board reviews the year-end balance each year and has approved increases to the allocation. An allocation of $500,000 for 2018 has been approved by the Board ($400,000 in 2017).

14. Internally restricted funds (continued)

(b) Stabilization Reserve Fund

The Board established a Stabilization Reserve Fund to address both its short- and long-term needs. The purpose of the Stabilization Reserve is to build working capital and to provide MODC with the assurance that funds are available when needed due to unforeseen operating shortfalls, or for new initiatives and pilot projects. The Board amended the policy in 2014 from three months to an inclusive range of three to six months of operating expense, less the amount covered by government grant commitments. While the minimum target has been achieved, the Organization is striving to achieve the current maximum level of $13,337,514 The Board allocates funds at the end of each fiscal year based on available surplus revenue.

(c) Major IT Capital Reserve

In 2015, the Board established a separate Major IT Capital Reserve to build a cash reserve for future major IT software and hardware upgrades and or replacements. The Board did not make an allocation in 2018 ($250,000 in 2017).

(d) Minor Capital Reserve

In 2016, the Board established this Fund to be used for equipment and furnishings capital expenditures and allocated $200,000 ($575,000 in 2017) to this Fund from the Operating Fund. Previously, the Stabilization Reserve Fund was used to fund such expenditures.

(e) Ability and Beyond Funds

The Board has internally restricted these funds and refers to them cumulatively as the Ability and Beyond Funds. It was originally intended that only the revenue earned on the fund balances would be used to fund designated activities, but opportunities to enhance proposals have since led to Board approval for the principal to be expended.

(i) Paul Martin Senior Biomedical and Rehabilitation Research Fund

Over 20 years ago, MODC established this fund to contribute to significant research that aims to alleviate, prevent or treat a disabling condition. Until 2014, only earned income was expended.

In 2015, MODC entered into a partnership with the University of Toronto and established the March of Dimes Paul J.J. Martin Early Career Professorship with a total commitment of $1.5 million over six years (Note 18(b)). The first payment was made in December 2014. Payments to date have totaled $1.2 million and hence a commitment of $300,000 is outstanding.

(ii) Dr. Ed and Bobbie Yielding Fund

In 2013, the Board added this Fund to the internally restricted Ability and Beyond Funds, in memory of Dr. Ed and Bobbie Yielding, when the former left a significant bequest and had expressed an interest in Stroke Recovery.

(iii) Sydney Cope Recreation Fund

In 1996, the Board established this Fund to support recreation programs and in 2014 a 20 passenger bus was purchased for recreational programs and out trips. This bus is part of the fleet for MODMobility®. In 2018, the Board did not allocate to this Fund from the Operating Fund ($25,000 in 2017).

14. Internally restricted funds (continued)

(e) Ability and Beyond Funds (continued)

(iv) Program Development and Evaluation Fund

This Fund has been established to engage expertise to conduct methodologically and ethically sound evaluations on program results, as well as customer needs and satisfaction surveys with a focus on developing national initiatives that can become self-sustaining. In 2018, the Board approved an allocation of $200,000 ($300,000 in 2017) to this fund.

(v) National Strategic Stroke Recovery Initiative Fund

In 2017, the Board established this fund to encompass a national awareness and fundraising campaign to enable and enhance information and support to stroke survivors across the country and assist groups and partner organizations to work with MODC in developing community-based recovery and support services. In 2018, the Board approved an allocation of $500,000 ($250,000 in 2017) from the Operating Fund.

(vi) John Haas Assistive Technology Fund

In 2015, the Board established the Fund with a donor gift, to provide assistive technology for persons with severe disabilities outside Ontario.

(vii) Housing Development Fund

In 2001, the Board established this Fund to conduct feasibility studies and all necessary professional services that support expanding the availability of affordable, accessible supportive housing but not actual construction. In 2016 - 2017, the Board amended the policy to include construction and in 2018, the Board approved an allocation of $600,000 (2017 - $500,000) to this Fund from the Operating Fund.

(viii) Assistive Device Hardware Fund

In 2017, the Board established this Fund to meet the increasing demands for service and to provide for an expansion of the program outside Ontario. In 2018, the Board approved an allocation of $200,000 ($200,000 in 2017) to this Fund from the Operating Fund.

(ix) Badin Fund

Formerly the FICCDAT Fund, a surplus reserve from the 2011 conference coordinated by MODC. In 2017, these funds were acknowledged by the partner agency to assist MODC coordinate international activities to support academic activities and knowledge transfer in bridging aging and disability.

14. Internally restricted funds (continued)

(e) Ability and Beyond Funds (continued)

The details of the Ability and Beyond Fund balance are as follows:

	2018	2017
	$	$
Balance, beginning of year	**3,901,949**	2,661,577
Investment income	**206,980**	118,474
Expenses, including grants and awards	**(662,789)**	(370,772)
Unrealized (loss) gain on restricted investments (Note 8)	**(133,860)**	217,670
Transfer to Sydney Cope Recreation Fund	**—**	25,000
Transfer to Housing Development Fund	**600,000**	500,000
Transfer to Program Development and Evaluation Fund	**200,000**	300,000
Transfer to National Strategic Stroke Recovery Initiative Fund	**500,000**	250,000
Transfer to Assistive Device Hardware Fund	**200,000**	200,000
Balance, end of year	**4,812,280**	3,901,949

15. Charitable gaming revenue and expenses

The Alcohol and Gaming Commission of Ontario requires disclosure of the following information on Nevada break-open ticket lotteries. Revenue from these lotteries is included in Fundraising revenue, and expenses are included in Fundraising expenses on the consolidated statement of revenue and expenses, as follows:

	2018	2017
	$	$
Net proceeds	**372,865**	403,070
Administration costs		
Location commission	**70,975**	76,863
Alcohold and Gaming Commission of Ontario fees	**49,247**	53,338
Tickets	**48,016**	51,907
Agent commission	**43,375**	47,228
License fees	**22,118**	23,905
	233,731	253,241
	139,134	149,829

16. Contracts with the Ministry of Community and Social Services (the "Ministry")

MODC has a variety of Service Contracts throughout Ontario with this Ministry. As required, a Transfer Payment Annual Reconciliation is provided to the Ministry for each of the Service Contracts listed below:

						2018
	Project code	Revenue	Expenses	Net	Cash funding	Receivable (payable)
		$	$	$	$	$
London						
Home and Vehicle Modification program	8618	1,382,400	1,382,400	—	1,382,400	—
Home and Vehicle Modification program	8621	9,245,700	9,245,700	—	9,245,700	—
Total HVMP		10,628,100	10,628,100	—	10,628,100	—
Ottawa						
Passport Initiative	8883	18,088,904	18,088,904	—	16,873,706	1,215,198
Thunder Bay						
Rehabilitation services	8868	201,253	201,253	—	208,000	(6,747)
Niagara						
Personal Effectiveness Training program	8868	153,149	153,149	—	152,604	545
Kingston						
School aged contract	8868	18,475	18,475	—	24,634	(6,159)
Total Ministry Grants requiring TPAR		29,089,881	29,089,881	—	27,887,044	1,202,837
Sudbury						
Employment Supports Special Funding	8612	—	—	—	—	—
Total Ministry grants		29,089,881	29,089,881	—	27,887,044	1,202,837

16. Contracts with the Ministry of Community and Social Services (the "Ministry") (continued)

	Project code	Revenue	Expenses	Net	Cash funding	2017 Receivable (payable)
		$	$	$	$	$
London						
Home and Vehicle Modification program	8618	1,382,400	1,382,400	—	1,382,400	—
Home and Vehicle Modification program	8621	9,245,700	9,245,700	—	9,245,700	—
Total HVMP		10,628,100	10,628,100	—	10,628,100	—
Ottawa						
Passport Initiative	8883	16,110,697	16,110,697	—	16,873,971	(763,274)
Thunder Bay						
Rehabilitation services	8868	208,000	208,000	—	208,000	—
Niagara						
Personal Effectiveness Training program	8868	152,615	152,615	—	152,615	—
Kingston						
School aged contract	8868	24,634	24,634	—	24,634	—
Total Ministry Grants requiring TPAR		27,124,046	27,124,046	—	27,887,320	(763,274)
Sudbury						
Employment Supports Special Funding	8612	95,851	95,851	—	95,851	—
Total Ministry grants		27,219,897	27,219,897	—	27,983,171	(763,274)

17. Credit facility

MODC entered into a credit agreement with its lenders for a line of credit of $2,000,000 and a letter of credit facility of $100,000, which is secured by term deposits or balances on accounts held with the bank. The line of credit facility is covered by a General Security Agreement with a floating charge specific to the assets located at 10 Overlea Boulevard, Toronto that are repayable on demand. The operating line of credit bears interest at MODC's bank prime rate on amounts drawn. No amount had been drawn from this facility as at March 31, 2018 and 2017.

18. Commitments and contingencies

(a) Operating

In the normal course of operations, MODC enters into a variety of commitments and incurs various contingencies. These are not accounted for until the amounts are reasonably determinable.

MODC has commitments for its leased equipment and premises. The approximate future minimum annual lease payments are as follows:

18. Commitments and contingencies (continued)

(a) Operating (continued)

	Equipment	Premises	Total
	$	$	$
2019	160,598	3,152,635	3,313,233
2020	136,025	2,109,552	2,245,577
2021	98,950	1,582,737	1,681,687
2022	37,627	1,329,616	1,367,243
2023	—	1,049,310	1,049,310
Thereafter	—	1,139,401	1,139,401
	433,200	10,363,251	10,796,451

(b) University of Toronto pledge

MODC pledged a total of $1.5 million up to 2021 to the University of Toronto's "Department of Occupational Science and Occupational Therapy", in the Faculty of Medicine, in support of the March of Dimes Paul J. J. Martin Early Career Professorship in community integration following acquired brain injury (Note 14 (e)(i)). The future minimum and annual pledge payments are as follows:

	$
2019	100,000
2020	100,000
2021	100,000
	300,000

(c) Guarantee to the County of Lambton

In 2017, for the Sarnia project, MODC guaranteed a loan for $514,655 between NPHC and the County of Lambton (the "County") with respect to the Sarnia building expansion. As an indemnifier, MODC will guarantee the loan payments of NPHC to the County as well as guarantee the County for any losses, costs or damages due to any non-payments.

19. Pension plan

MODC provides pension benefits for substantially all of its permanent employees through a defined contribution plan. Mandatory contributions are required from both participating permanent employees and MODC in accordance with established contribution rates. For the year ended March 31, 2018, MODC incurred $1,218,415 ($1,140,436 in 2017) as its pension contribution expense.

20. Allocation of expenses

Administration expenses of $7,412,370 ($6,705,491 in 2017) have been allocated as follows:

	2018	2017
	$	$
Independent Living Services	**6,935,730**	6,252,507
Employment Services	**228,367**	205,231
AccessAbility® Services	**138,240**	138,240
Passport Services	**96,857**	96,852
Community Engagement and Integration Services	**13,176**	12,661
	7,412,370	6,705,491