
Consolidated financial statements of March of Dimes Canada

March 31, 2019

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Independent Auditor's Report

To the Board of Directors of
March of Dimes Canada

Qualified Opinion

We have audited the consolidated financial statements of March of Dimes Canada ("MODC"), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of revenue and expenses, changes in fund balances and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

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 MODC as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many 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, the excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2019 and 2018, current assets as at March 31, 2019 and 2018, and fund balances as at April 1 and March 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended March 31, 2018 was modified accordingly because of the possible effects of this scope limitation.

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 MODC 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 audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing MODC'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 MODC or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing MODC'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 MODC'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 MODC'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 MODC 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
July 29 2019

March of Dimes Canada


Consolidated statement of financial position

As at March 31, 2019

	Notes	2019	2018
		\$	\$
			(Note 20)
Assets			
Current assets			
Cash and restricted cash	3	12,983,862	12,261,499
Short-term investments	4	4,274,608	4,188,414
Accounts receivable	5	6,507,116	7,734,695
Amount due from March of Dimes Canada Non-Profit Housing Corporation ("NPHC")	6(a)	242,787	285,350
Prepaid expenses		579,019	414,540
Grants and allocations receivable		24,840	7,960
		24,612,232	24,892,458
Restricted investments	8	6,351,587	5,679,927
Capital assets	9	5,822,515	5,713,654
Intangible assets			
Goodwill	10(a)	953,140	953,140
Trademark	10(b)	1,413,751	1,413,751
		39,153,225	38,652,930
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	11	7,663,483	9,554,905
Unexpended program grants and deferred revenue	12	3,935,744	2,494,204
Government advances		2,691,647	2,515,137
		14,290,874	14,564,246
Deferred capital grants	13	2,115,815	1,992,536
		16,406,689	16,556,782
Commitments			
18			
Fund balances			
Internally restricted funds:			
Invested in capital and intangible assets		6,073,591	6,088,009
Building Capital Reserve	14(a)	1,872,569	1,900,582
Stabilization Reserve	14(b)	8,076,251	7,301,741
Major IT Capital Reserve	14(c)	1,268,537	1,255,775
Minor Capital Reserve	14(d)	574,471	737,761
Ability and Beyond	14(e)	4,881,117	4,812,280
		22,746,536	22,096,148
		39,153,225	38,652,930

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

On behalf of the Board

 MODC Board Chair

 Risk & Audit Com Chair

March of Dimes Canada

Consolidated statement of revenue and expenses

Year ended March 31, 2019

Notes	2019				2018
	Internally restricted funds				
	Operating fund	Ability and Beyond	Capital Reserve	Total	Total
	\$	\$	\$	\$	\$
					(Note 20)
Revenue					
	Government grants			84,495,549	81,623,728
	Fees			32,676,406	27,698,810
7	Program recovery			18,108,193	17,592,060
	Fundraising and non-government grants			8,155,929	7,682,955
15	Investment and other			1,422,310	1,398,238
		243,310	144,795	1,810,415	
				144,858,387	135,995,791
Expenses					
	Programs				
	Independent Living Services	68,557,904	29,490	68,587,394	64,453,855
	Employment Services	26,202,629		26,202,629	21,942,832
	AccessAbility® Services	11,924,880	21,965	11,946,845	11,837,926
	Passport Services	18,176,209		18,176,209	17,927,665
	Community Engagement and Integration Services	4,547,906	744,979	5,292,885	4,711,692
	Information Advocacy Services, Grants and Awards	839,755	312,178	1,151,933	528,341
		130,249,283	1,108,612	131,357,895	121,402,311
	Fundraising	2,919,600		2,919,600	2,812,837
	Contribution to NPHC		465,861	465,861	165,907
6(a) (iii)	Administration	9,354,974		9,354,974	8,474,051
	Amortization			497,774	462,308
9				497,774	
		142,523,857	1,574,473	144,596,104	133,317,414
	Excess (deficiency) of revenue over expenses	2,334,530	(1,331,163)	(352,979)	650,388
				650,388	2,678,377

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

March of Dimes Canada
Consolidated statement of changes in fund balances
Year ended March 31, 2019

		2019								2018	
		Internally restricted funds									
	Notes	Operating Fund	Invested in capital and intangible assets	Building Capital Reserve	Stabilization Reserve	Major IT Capital Reserve	Minor Capital Reserve	Sub-total	Ability and Beyond	Total	Total
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fund balances, beginning of year	20	—	6,088,009	1,900,582	7,301,741	1,255,775	737,761	17,283,868	4,812,280	22,096,148	19,417,771
Excess (deficiency) of revenue over expenses		2,334,530	(394,554)	19,315	2,156	12,762	7,342	(352,979)	(1,331,163)	650,388	2,678,377
Interfund transfers											
Purchase of capital assets	9	—	606,635	(47,328)	(188,675)	—	(370,632)	—	—	—	—
Deferred capital grants	13	—	(226,499)	—	226,499	—	—	—	—	—	—
Transfer to Stabilization Reserve	14(b)	(734,530)	—	—	734,530	—	—	734,530	—	—	—
Transfer to Minor Capital Reserve	14(d)	(200,000)	—	—	—	—	200,000	200,000	—	—	—
Transfer to Ability and Beyond	14(e)	(1,400,000)	—	—	—	—	—	—	1,400,000	—	—
Fund balances, end of year		—	6,073,591	1,872,569	8,076,251	1,268,537	574,471	17,865,419	4,881,117	22,746,536	22,096,148

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

March of Dimes Canada
Consolidated statement of cash flows
Year ended March 31, 2019

	Notes	2019	2018
		\$	\$
Operating activities			
Excess of revenue over expenses		650,388	2,678,377
Items not involving cash			
Amortization		497,774	462,308
Amortization of deferred capital grants		(103,220)	(101,673)
Unrealized loss on restricted investments		—	209,208
Net assets acquired	10(a)	—	(391,425)
Changes in non-cash operating working capital			
Accounts receivable		1,227,579	(1,741,101)
Amount due from NPHC		42,563	20,463
Prepaid expenses		(164,479)	41,722
Grants and allocations receivable		(16,880)	104,945
Accounts payable and accrued liabilities		(1,891,422)	1,492,253
Unexpended program grants and deferred revenue		1,441,540	845,939
Government advances		176,510	(1,197,498)
		1,860,353	2,423,518
Financing activity			
Receipt of deferred capital grants		226,499	357,053
Investing activities			
Net assets acquired	10(a)	—	(561,715)
Restricted investments, net		(671,660)	(778,080)
Purchase of capital assets		(606,635)	(758,673)
		(1,278,295)	(2,098,468)
Increase in cash and restricted cash and short – term investments		808,557	682,103
Cash and restricted cash and short-term investments, beginning of year		16,449,913	15,767,810
Cash and restricted cash and short-term investments, end of year		17,258,470	16,449,913
Represented by			
Unrestricted cash		12,810,372	12,143,986
Restricted cash	3	173,490	117,513
Short-term investments	4	4,274,608	4,188,414
		17,258,470	16,449,913

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 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) 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.
- (f) Information Advocacy Services, Grants and Awards - Information Services are delivered in a variety of formats and social media. Their purpose is to educate consumers, caregivers and the general public about disability and self-management, how to access services and resources and serve as venues for sharing issues and concerns. Our advocacy and government relations program promotes public policy, funding and legislation to improve the lives of people with disabilities. Our Grants and Awards program recognizes the lifetime achievement of a Canadian scientist each year as the recipient of the Jonas Salk Award and funds the MODC professorship with the University of Toronto department of Rehabilitation 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. Financial 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.

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.

2. Significant accounting policies (continued)

(b) Financial instruments (continued)

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 liabilities, 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) 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 liabilities, unexpended program grants and deferred revenue, government advances, deferred capital grants, and amortization of capital assets.

3. Cash and restricted cash

Restricted cash of \$173,490 (\$117,513 in 2018) 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, 2019 and September 17, 2019 (between May 7, 2018 and September 17, 2018 in 2018) and bear interest between 2.15% and 2.25% (between 1.45% and 1.80% in 2018).

March of Dimes Canada
Notes to the consolidated financial statements
Year ended March 31, 2019

5. Accounts receivable

	2019	2018
	\$	\$
Proprietary	4,144,505	3,879,675
Program fees	1,955,023	3,536,957
Charitable gaming	161,122	123,918
Harmonized Sales Tax	195,051	189,348
Other	84,095	86,106
Allowance for doubtful accounts	(32,680)	(81,309)
	6,507,116	7,734,695

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.

MODC appoints all members of the Board of Directors of NPHC and, as such, exercises control over NPHC.

Transactions during the year with NPHC were as follows:

- (i) NPHC paid \$7,704 (\$7,704 in 2018) 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 \$32,251 for 2019 (\$31,676 in 2018).
- (iii) During the year, MODC paid an approved contribution from the MODC Housing Fund of \$465,861 (\$Nil in 2018) to NPHC out of which \$420,000 was applied to the Sudbury capital project and \$45,861 (\$Nil in 2018) towards other NPHC projects.
- (iv) During 2018, MODC's Board of Directors approved a contribution from the MODC Housing Fund to NPHC of \$165,907 to be applied to the Sarnia capital project. No similar transaction occurred in 2019.

6. Controlled organizations (continued)

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

Amount due from NPHC consists of the following:

	2019	2018
	\$	\$
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	75,000
Interest receivable on the Sarnia promissory note	4,123	—
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	156,082	166,142
Interest receivable on the Sudbury promissory note	13,955	13,955
Amounts payable for expenses to be paid on behalf of Housing Fund (MODC approved funds)	(6,373)	—
Amount receivable for insurance audit and other expenses paid on behalf of NPHC	—	30,253
Amount due from NPHC	242,787	285,350

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:

	2019	2018
	\$	\$
Current assets	1,270,475	1,448,707
Capital assets	9,950,716	7,950,833
	11,221,191	9,399,540
Current liabilities	1,044,849	944,600
Mortgage payable (long-term)	3,849,363	4,176,989
Deferred capital contributions	5,480,668	3,377,130
	10,374,880	8,498,719
Fund balances	846,311	900,821
	11,221,191	9,399,540

6. Controlled organizations (continued)

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

	2019	2018
	\$	\$
Revenue	1,553,285	1,447,445
Expenses, including amortization of \$436,738 (\$387,172 in 2018)	1,538,466	1,396,715
Excess of revenue over expenses	14,819	50,730
Cash flows provided by (used in)		
Operating activities	214,307	476,511
Financing activities	2,078,556	515,506
Investing activities	(2,520,670)	(731,394)
Net cash inflow	(227,807)	260,623

(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.

MODC appoints all members of the Board of Directors of RFDP, U.S. and, as such, exercises control over RFDP, U.S.

(c) *Stroke Recovery Association of British Columbia, (the "Association")*

The Association is incorporated under British Columbia Societies Act on June 11, 1976 and is a registered charity under the Income Tax Act and therefore is not subject to income tax. The Association's objectives are to provide stroke recovery services throughout the province of British Columbia.

Effective September 17, 2018, MODC appoints the majority of the members of the Board of Directors of the Association and, as such, exercises control over the Association.

Transactions during the year with the Association were as follows:

- (i) The Association paid \$171,471 to MODC during the year which, included \$115,859 for payroll and \$55,612 for professional services.
- (ii) MODC paid \$103,397 to the Association, which included \$54,479 for donations, \$26,358 to rent a portion of the Association's premises and \$22,560 for MODC contributions.

6. Controlled organizations (continued)

(c) *Stroke Recovery Association of British Columbia, (the "Association") (continued)*

The following is a summary of financial information extracted from the financial statements of The Association:

	\$
Current assets	523,474
Capital assets	1,234
	524,708
Current liabilities	38,445
Deferred revenue	438,659
	477,104
Fund balances	47,604
	524,708

	\$
Revenue	549,474
Expenses, including amortization of \$489	503,837
Excess of revenue over expenses	45,637
Cash flows provided by	
Operating activities and net cash inflow	40,345
Net cash inflow	40,345

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

This agreement ended on March 31, 2018.

March of Dimes Canada
Notes to the consolidated financial statements
Year ended March 31, 2019

8. Restricted investments

	2019		2018	
	Cost	Fair value	Cost	Fair value
	\$	\$	\$	\$
Cash and cash equivalents	66,231	66,231	65,474	65,474
Pooled Ability and Beyond and Infrastructure funds	6,153,625	6,285,356	5,449,660	5,614,453
	6,219,856	6,351,587	5,515,134	5,679,927

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, 2019, the unrealized gain (loss) on restricted investments is as follows:

	2019	2018
	\$	\$
Ability and Beyond Fund	239,468	(133,860)
Infrastructure Fund	136,940	(75,348)
Total unrealized gain (loss)	376,408	(209,208)

9. Capital assets

	2019			2018
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Land	1,901,383	—	1,901,383	1,901,383
Buildings	2,381,584	(1,518,623)	862,961	885,903
Vehicles	518,689	(472,085)	46,604	88,541
Machinery, equipment computer hardware and software	17,630,441	(14,830,171)	2,800,270	2,615,680
Leasehold improvements	3,336,032	(3,124,735)	211,297	222,147
	25,768,129	(19,945,614)	5,822,515	5,713,654

The total cost of capital assets acquired during the year was \$606,635 (\$758,673 in 2018), and was partially financed by operating grants of \$226,499 (\$360,481 in 2018).

Amortization expense related to donor dollar funded programs totaled \$394,866 (\$369,266 in 2018), and the amortization expense relating to government grant funded programs totaled \$103,220 (\$93,042 in 2018).

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 net assets acquired amounted to \$1,112,935 and was satisfied as follows:

	\$
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 as per the original agreement. Of the amount, \$193,451 has since been paid and \$139,648 is due within the next fiscal year. Management has determined that the conditions are unlikely to be fulfilled, but accounting standards require the liability to be retained until the matter has been resolved.

(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 liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$841,712 (\$863,220 in 2018) 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.

12. Unexpended program grants and deferred revenue (continued)

	2019	2018
	\$	\$
Balance, beginning of year	2,494,204	1,648,265
Amounts received	4,538,847	3,395,950
Amounts amortized to revenue	(3,097,307)	(2,550,011)
Balance, end of year	3,935,744	2,494,204

13. Deferred capital grants

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

	2019	2018
	\$	\$
Balance, beginning of year	1,992,536	1,737,156
Amounts received	226,499	357,053
Amounts amortized to revenue	(103,220)	(101,673)
Balance, end of year	2,115,815	1,992,536

14. Internally restricted funds

Amounts incurred during the year that are included on the Statement of operations were funded from brought forward balances in the respective 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. The Board did not make an allocation in 2019. (\$500,000 in 2018).

(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.

14. Internally restricted funds (continued)

(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 2019 and 2018.

(d) Minor Capital Reserve

In 2016, the Board established this Fund to be used for equipment and furnishings capital expenditures and allocated \$200,000 (\$200,000 in 2018) 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. The final payment of \$300,000 was made during the current year.

(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®. The Board did not make an allocation in 2019 and 2018.

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 2019, the Board approved an allocation of \$200,000 (\$200,000 in 2018) 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 2019, the Board approved an allocation of \$1,000,000 (\$500,000 in 2018) 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. The Board did not make an allocation in 2019 (\$600,000 in 2018).

(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 2019, the Board approved an allocation of \$200,000 (\$200,000 in 2018) 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:

	2019	2018
	\$	\$
Balance, beginning of year	4,812,280	3,901,949
Investment income	3,842	206,980
Expenses, including grants and awards	(1,574,473)	(662,789)
Unrealized gain (loss) on restricted investments (Note 7)	239,468	(133,860)
Transfer to Housing Development Fund	—	600,000
Transfer to Program Development and Evaluation Fund	200,000	200,000
Transfer to National Strategic Stroke Recovery Initiative Fund	1,000,000	500,000
Transfer to Assistive Device Hardware Fund	200,000	200,000
Balance, end of year	4,881,117	4,812,280

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:

	2019	2018
	\$	\$
Net proceeds	289,150	372,865
Administration costs		
Location commission	55,141	70,975
Alcohol and Gaming Commission of Ontario fees	38,334	49,247
Tickets	37,234	48,016
Agent commission	33,865	43,375
License fees	17,131	22,118
	181,705	233,731
	107,445	139,134

March of Dimes Canada
Notes to the consolidated financial statements
Year ended March 31, 2019

16. Contracts with the Ministry of Children, 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:

	2019				
Project code	Revenue	Expenses	Net	Cash funding	Receivable (payable)
	\$	\$	\$	\$	\$
London					
Home and Vehicle Modification program	8,618	1,382,400	1,382,400	—	—
Home and Vehicle Modification program	8,621	9,245,700	9,245,700	—	—
Total HVMP	10,628,100	10,628,100	—	10,628,100	—
Ottawa					
Passport Initiative	8,883	18,338,522	18,338,522	—	(206,361)
Thunder Bay					
Rehabilitation services	8,868	217,702	217,702	—	217,702
Niagara					
Personal Effectiveness Training program	8,868	159,950	159,950	—	159,950
Kingston					
School aged contract	8,868	24,634	24,634	—	24,634
Total Ministry Grants requiring TPAR	29,368,908	29,368,908	—	29,172,983	195,925
Sudbury					
Employment Supports Special Funding	8,612	—	—	—	—
Total Ministry grants	29,368,908	29,368,908	—	29,172,983	195,925

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

	Project code	Revenue	Expenses	Net	Cash funding	2018 Receivable (payable)
		\$	\$	\$	\$	\$
London						
Home and Vehicle Modification program	8,618	1,382,400	1,382,400	—	1,382,400	—
Home and Vehicle Modification program	8,621	9,245,700	9,245,700	—	9,245,700	—
Total HVMP		10,628,100	10,628,100		10,628,100	
Ottawa						
Passport Initiative	8,883	18,088,904	18,088,904	—	16,873,706	1,215,198
Thunder Bay						
Rehabilitation services	8,868	201,253	201,253	—	208,000	(6,747)
Niagara						
Personal Effectiveness Training program	8,868	153,149	153,149	—	152,604	545
Kingston						
School aged contract	8,868	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	8,612	—	—	—	—	—
Total Ministry grants		29,089,881	29,089,881	—	27,887,044	1,202,837

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, 2019 and 2018.

18. Commitments

Operating leases

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.

18. Commitments (continued)

Operating leases (continued)

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

	Equipment	Premises	Total
	\$	\$	\$
2020	172,147	3,014,973	3,187,120
2021	134,952	1,809,814	1,944,766
2022	78,795	1,534,827	1,613,622
2023	23,187	1,227,171	1,250,358
2024	4,924	657,965	662,889
Thereafter	—	651,502	651,502
	<u>414,004</u>	<u>8,896,252</u>	<u>9,310,256</u>

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, 2019, MODC incurred \$1,300,244 (\$1,218,415 in 2018) as its pension contribution expense.

20. Comparative amounts

The following prior year amounts were reclassified to agree with the current year's financial statement presentation:

	As amended	2018
	\$	As previously presented
	\$	\$
<i>Consolidated Statement of Financial Position</i>		
Fund balances		
Invested in capital assets and intangible assets	6,088,009	5,134,869
Internally restricted funds		
Stabilization Reserve	7,301,741	8,254,881
	<u>13,389,750</u>	<u>13,389,750</u>

20. Comparative amounts (continued)

	As amended \$	2018 As previously presented \$
<i>Consolidated Statement of Revenue and Expenses</i>		
Expenses		
Independent Living Services	64,453,855	71,426,656
Employment Services	21,942,832	22,230,985
AccessAbility® Services	11,837,926	11,976,166
Community Engagement and Integration Services	4,711,692	4,724,868
Fundraising	2,812,837	2,144,830
Donor acquisition	—	668,007
Administrative Recovery	—	(7,412,370)
	105,759,142	105,759,142