

**SOUTHWESTERN ONTARIO CHILDRENS CARE INC.
(o/a RONALD MCDONALD HOUSE CHARITIES®
SOUTHWESTERN ONTARIO)**

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2020



SOUTHWESTERN ONTARIO CHILDRENS CARE INC.
(o/a RONALD MCDONALD HOUSE CHARITIES® SOUTHWESTERN ONTARIO)
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Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Southwestern Ontario Childrens Care Inc.

Qualified Opinion

We have audited the accompanying financial statements of Southwestern Ontario Childrens Care Inc., which comprise of the statement of financial position as at December 31, 2020, the statement of operations and changes in fund balances, statements of functional expenses, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Southwestern Ontario Childrens Care Inc. as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from donations and fundraising activity, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of donation and fundraising revenues, in the fiscal year ending December 31, 2020 and the fiscal year ending December 31, 2019 was limited to the amounts recorded in the records of the organization. Accordingly, we are unable to determine whether any adjustments for unrecorded amounts might be necessary to revenues, excess (deficiency) of revenues over expenditures and net assets.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on Davis Martindale LLP's website at: https://www.davismartindale.com/auditors_report. This description forms part of our auditor's report.

Davis Martindale LLP

London, Ontario
March 23, 2021

Chartered Professional Accountants
Licensed Public Accountants



SOUTHWESTERN ONTARIO CHILDRENS CARE INC.
(o/a RONALD MCDONALD HOUSE CHARITIES® SOUTHWESTERN ONTARIO)

STATEMENT OF FINANCIAL POSITION


AS AT DECEMBER 31, 2020

ASSETS		
	2020	2019
Current Assets		
Cash	\$ 1,582,488	\$ 808,780
Accounts receivable	50,475	106,685
Accrued revenue	172,334	-
Government remittances receivable	140	-
Wage subsidy receivable (note 3)	11,770	-
Prepaid expenses and other assets	<u>22,588</u>	<u>19,930</u>
	1,839,795	935,395
Investments (note 4)	7,143,589	6,528,166
Capital assets, net (note 5)	<u>7,184,423</u>	<u>7,625,155</u>
	<u>\$ 16,167,807</u>	<u>\$ 15,088,716</u>

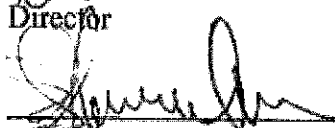
LIABILITIES AND FUND BALANCES

Current Liabilities		
Accounts payable and accrued liabilities	\$ 167,852	\$ 165,387
Government remittances payable	-	1,892
Deferred contributions (note 6)	<u>-</u>	<u>6,535</u>
	167,852	173,814
Commitments (note 8)		
Fund Balances		
General fund	7,081,456	5,794,798
Capital asset fund (note 9)	<u>8,918,499</u>	<u>9,120,104</u>
	<u>15,999,955</u>	<u>14,914,902</u>
	<u>\$ 16,167,807</u>	<u>\$ 15,088,716</u>

Approved on Behalf of the Board



Director



Director

*The attached Independent Auditor's Report and notes form an
integral part of these audited financial statements.*



**SOUTHWESTERN ONTARIO CHILDRENS CARE INC.
(o/a RONALD MCDONALD HOUSE CHARITIES@ SOUTHWESTERN ONTARIO)**

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>General</u>		<u>Capital Asset</u>		<u>Total</u>	
	2020	2019 (note 13)	2020	2019	2020	2019
Revenues and Other Support						
Contributions	\$ 1,690,799	\$ 1,782,212	\$ 310,488	\$ 33,609	\$ 2,001,287	\$ 1,815,821
Fundraising activities (note 11)	704,065	990,276	-	-	704,065	990,276
RMH room donations/fees	446,933	510,258	-	-	446,933	510,258
Other revenues	<u>4,205</u>	<u>6,964</u>	<u>-</u>	<u>-</u>	<u>4,205</u>	<u>6,964</u>
	2,846,002	3,289,710	310,488	33,609	3,156,490	3,323,319
Expenses						
Program services	1,887,412	1,929,593	563,837	498,511	2,451,249	2,428,104
Management and general	369,163	344,555	-	-	369,163	344,555
Fundraising	<u>486,583</u>	<u>520,695</u>	<u>-</u>	<u>-</u>	<u>486,583</u>	<u>520,695</u>
	<u>2,743,158</u>	<u>2,794,843</u>	<u>563,837</u>	<u>498,511</u>	<u>3,306,995</u>	<u>3,293,354</u>
Excess (deficiency) of operating revenues over expenses						
Investment income, net (note 4)	102,844	494,867	(253,349)	(464,902)	(150,505)	29,965
Canada emergency wage subsidy (note 3)	<u>554,429</u>	<u>439,680</u>	<u>51,744</u>	<u>54,696</u>	<u>606,173</u>	<u>494,376</u>
	<u>629,385</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>629,385</u>	<u>-</u>
Excess (deficiency) of revenues over expenses	<u>\$ 1,286,658</u>	<u>\$ 934,547</u>	<u>\$ (201,605)</u>	<u>\$ (410,206)</u>	<u>\$ 1,085,053</u>	<u>\$ 524,341</u>
Fund Balances, beginning of year	5,794,798	5,162,298	9,120,104	9,228,263	14,914,902	14,390,561
Excess (deficiency) of revenues over expenses	1,286,658	934,547	(201,605)	(410,206)	1,085,053	524,341
Transfers between funds (note 10)	<u>-</u>	<u>(302,047)</u>	<u>-</u>	<u>302,047</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 7,081,456</u>	<u>\$ 5,794,798</u>	<u>\$ 8,918,499</u>	<u>\$ 9,120,104</u>	<u>\$ 15,999,955</u>	<u>\$ 14,914,902</u>

The attached Independent Auditor's Report and notes form an integral part of these audited financial statements.



**SOUTHWESTERN ONTARIO CHILDRENS CARE INC.
(o/a RONALD MCDONALD HOUSE CHARITIES@ SOUTHWESTERN ONTARIO)**

SCHEDULE 1 - STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2020

	Ronald McDonald House (London)	Ronald McDonald House (Windsor)	Ronald McDonald Family Room	Total Program Services	Supporting Services Management and General	Fundraising	Total Expenses
Salaries	\$ 637,118	\$ 357,394	\$ 125,910	\$ 1,120,422	\$ 276,845	\$ 436,352	\$ 1,833,619
Amortization of capital assets	383,854	151,334	28,649	563,837	-	-	563,837
Advertising	-	-	-	-	11,669	6,676	18,345
Education, training and meetings	966	569	-	1,535	8,098	794	10,427
Family support services and supplies	193,866	110,870	3,690	308,426	-	-	308,426
Maintenance and repairs	307,232	-	-	307,232	-	-	307,232
Office supplies	-	-	-	-	35,240	15,293	50,533
Professional fees	-	-	-	-	22,709	25,000	47,709
Travel, meal and entertainment costs	1,803	2,242	-	4,045	14,602	2,468	21,115
Utilities	103,294	-	-	103,294	-	-	103,294
Volunteer resources and recognition	4,654	2,327	4,654	11,635	-	-	11,635
Other - overflow accommodations	30,823	-	-	30,823	-	-	30,823
Total Expenses	\$ 1,663,610	\$ 624,736	\$ 162,903	\$ 2,451,249	\$ 369,163	\$ 486,583	\$ 3,306,995

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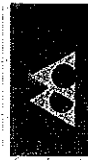
**SOUTHWESTERN ONTARIO CHILDRENS CARE INC.
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SCHEDULE 2 - STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2019

	Ronald McDonald House (London)	Ronald McDonald House (Windsor)	Ronald McDonald Family Room	Total Program Services	Supporting Services Management and General (note 13)	Fundraising (note 13)	Total Expenses
Salaries	\$ 609,196	\$ 375,097	\$ 107,881	\$ 1,092,174	\$ 218,589	\$ 389,940	\$ 1,700,703
Amortization of capital assets	320,956	149,307	28,248	498,511	-	-	498,511
Advertising	-	-	-	-	13,238	73,045	86,283
Education, training and meetings	9,988	7,738	-	17,726	8,586	5,123	31,435
Family support services and supplies	130,574	98,566	11,033	240,173	-	-	240,173
Maintenance and repairs	298,578	-	-	298,578	-	-	298,578
Office supplies	-	-	-	-	31,854	20,245	52,099
Professional fees	-	-	-	-	49,809	25,000	74,809
Travel, meal and entertainment costs	11,098	9,957	-	21,055	22,479	7,342	50,876
Utilities	91,642	882	-	92,524	-	-	92,524
Volunteer resources and recognition	8,634	4,317	8,634	21,585	-	-	21,585
Other - overflow accommodations	145,778	-	-	145,778	-	-	145,778
Total Expenses	\$ 1,626,444	\$ 645,864	\$ 155,796	\$ 2,428,104	\$ 344,555	\$ 520,695	\$ 3,293,354

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SOUTHWESTERN ONTARIO CHILDRENS CARE INC.
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
Operating Activities		
Excess (deficiency) of revenues over expenses for the year		
General fund	\$ 1,286,658	\$ 934,547
Capital asset fund	<u>(201,605)</u>	<u>(410,206)</u>
	1,085,053	524,341
Add items not involving cash:		
Amortization of capital assets	563,837	498,511
Realized gain on sale of investments	(48,059)	(95,629)
Unrealized gain on investments	<u>(402,085)</u>	<u>(247,429)</u>
	1,198,746	679,794
Net change in non-cash working capital balances related to operations:		
Accounts receivable	(127,894)	117,983
Prepaid expenses and other assets	(2,659)	(6,673)
Accounts payable and accrued liabilities	2,474	1,269
Government remittances payable/receivable	(2,032)	172
Deferred contributions	<u>(6,535)</u>	<u>(20,370)</u>
Cash Provided by Operating Activities	1,062,100	772,175
Cash Flows from Investing Activities		
Net change in investments	(30,903)	390,118
Purchases of capital assets	<u>(123,116)</u>	<u>(335,656)</u>
Net Cash Provided by (Used In) Investing Activities	<u>(154,019)</u>	<u>54,462</u>
Net Increase in Cash During the Year	908,081	826,637
Cash, Beginning of Year	<u>1,518,446</u>	<u>691,809</u>
Cash, End of Year	<u>\$ 2,426,527</u>	<u>\$ 1,518,446</u>
Cash is Comprised as Follows:		
Operating cash	\$ 1,582,488	\$ 808,780
Investment cash (note 4)	<u>844,039</u>	<u>709,666</u>
	<u>\$ 2,426,527</u>	<u>\$ 1,518,446</u>

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SOUTHWESTERN ONTARIO CHILDRENS CARE INC.
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

1. Nature of the Organization

Organization

Southwestern Ontario Childrens Care Inc. ("the Organization") (o/a Ronald McDonald House Charities® Southwestern Ontario) is an Ontario not-for-profit, charitable corporation formed in 1985. The mission of Ronald McDonald House Charities (RMHC) is to create, find and support programs that directly improve the health and well-being of children and their families. RMHC and the network of local Chapters, of which there are 12 in Canada, ascribe to five core values: we are focused on the critical needs of children, we lead with compassion, we celebrate the diversity of our people and our programs, we value our heritage and we operate with accountability and transparency.

In Canada, 12 Regional RMHC Chapters work collaboratively through the support of RMHC Canada, Canada's national RMHC foundation, which is focused on contributing funding from McDonald's Restaurants of Canada and other donors, to support the building and operations of Ronald McDonald Houses, Family Rooms and Ronald McDonald Care Mobiles to help enable the support of families with sick children. The 12 Canadian Chapters operate 16 houses, 16 family rooms and one Care Mobile across Canada.

We fulfil our mission through operation of sustainable programs that enable family-centred care, bridge access to quality health care, are a vital part of the health care continuum and strengthen families during difficult times. The following programs, operated by the Organization, represent the core functions of Ronald McDonald House Charities:

Ronald McDonald House(s) - London and Windsor

When children must travel long distances to access top medical care, accommodations and support for families can be expensive or not readily available. The Organization helps families stay close to their ill or injured child through the Ronald McDonald House - London and Ronald McDonald House Family Room located in London on the Site of London Health Sciences Centre-Childrens Hospital and Windsor, Canada's first house with a hospital located inside Windsor Regional Hospital, which provide temporary lodging, meals, programming, and other support to children and their families. The program provides families with emotional and physical comfort and increases the caregivers' ability to spend more time with their child, to interact with their clinical care team and to participate in critical medical care decisions.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

1. Nature of the Organization (continued)

Ronald McDonald Family Room

When a child is critically ill, parents may be reluctant to leave the hospital. In order to provide comfort and support to their child, it is important that parents have an opportunity to rest, have a meal or have a moment of quiet. Located inside medical care facilities, the Ronald McDonald Family Room in Children's Hospital - London Health Sciences Centre serve as a place of respite, relaxation and privacy for family members, often just steps away from where their child is being treated. The Ronald McDonald Family Room program provides parents with an opportunity to remain close to their hospitalized child and to be an active member of their child's health care team. At Ronald McDonald House Windsor, the Day Pass Program allows families access to the house during daytime hours to provide families with the benefits of a Family Room Structure. Both London and Windsor also operate hospitality cart programs that connect with families at their child's bedside. The *Cart with a Heart Program* brings the family room to the families and helps to educate and engage them in the services offered by Ronald McDonald House Programs.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Part III of the Chartered Professional Accountants of Canada ("CPA Canada") Handbook - Accounting Standards for Not-for-Profit Organization, which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies summarized below.

(a) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the statement of financial position date, and the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(b) Fund accounting

To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts are maintained in accordance with the principles of Fund Accounting. Under these principles, the accounts of the Organization have been classified into the following funds:

The General fund reports unrestricted resources available for general operating activities.

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

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SOUTHWESTERN ONTARIO CHILDRENS CARE INC.
(o/a RONALD MCDONALD HOUSE CHARITIES® SOUTHWESTERN ONTARIO)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

2. Significant Accounting Policies (continued)

(c) Revenue recognition

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

Contributions, grants, and bequests are recorded in the appropriate funds when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted contributions are recognized as revenue in the General fund when initially recorded in the accounts. Externally restricted contributions are recorded in the Restricted fund or Capital Asset fund when initially recognized in the accounts.

Revenue from fundraising is recognized as revenue in the corresponding fund as appropriate in the year received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.

Fees are recognized when the services have been provided and payments have been received. Revenue from room payments is recognized as revenue in the General fund on a cash basis when the amount has been received.

Investment income (loss) consists of interest, dividends, income distributions from pooled funds, and realized and unrealized gains and losses. Investment income earned on Restricted fund or Capital Asset fund resources that must be spent on donor-restricted activities is recognized as revenue of the respective fund. General investment income earned on Restricted fund, Capital Asset fund, and General fund resources is recognized as revenue of the General fund. Investment losses are allocated in a manner consistent with investment income.

(d) Expense allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(e) Foreign currency translation

Transactions denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the transaction date. Monetary assets and liabilities are translated into Canadian dollars at exchange rates in effect at the dates of the statement of financial position. Non-monetary assets and liabilities are translated at the historic rate.

(f) Financial instruments

Investments are recorded at fair value. Transactions are recorded on a trade date basis and transaction costs are expensed as incurred.

Other financial instruments, including accounts receivable, accounts payable and accrued liabilities, and government remittances payable/receivable are initially recorded at their fair value and are subsequently measured at amortized cost, net of any provisions for impairment.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

2. Significant Accounting Policies (continued)

(g) Contributed materials and services

Donated materials and services are recorded in the financial statements at fair market value when fair market value can be reasonably estimated. Because of the difficulty in determining the fair value of volunteer time, these services are not recognized in the financial statements.

(h) Capital assets

Purchased capital assets are recorded at acquisition cost. Contributed capital assets are recorded at fair value at the date of the contribution. Amortization is calculated using the straight line method at the following annual rates.

Automobiles	5 years
Building	40 years
Computer hardware	3 years
Computer software	3 years
Furniture, fixtures, equipment	5 years
Leasehold - Ronald McDonald Family Room	10 years
Leasehold - Ronald McDonald House Windsor	10 years
Parking lot	10 years

(i) Impairment of long-lived assets

Long-lived assets are tested for impairment when events or changes in circumstances indicate that their carrying value may not be recoverable. An impairment loss is recognized when the carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its residual value.

3. Government Assistance

The organization applied for \$629,385 (2019 - \$NIL) in Canada Emergency Wage Subsidy (CEWS). This amount is based on management's calculations and is therefore subject to conditions disclosed in note 2(a) above. Amounts claimed may be subject to potential adjustments by Canada Revenue Agency and any such adjustments will be reflected in future financial statements as they become known. As at December 31, 2020, \$11,770 of CEWS has been applied for, included in income and not yet received.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

4. Investments

Investments in pooled funds have been allocated among the asset classes based on the underlying investments held in the pooled funds.

	2020	2019
Investment income (expense) consists of the following:		
Interest, dividends and other	\$ 220,714	\$ 211,690
Realized gains on sale of investments	48,059	95,629
Management fees	<u>(64,685)</u>	<u>(60,372)</u>
	204,088	246,947
Unrealized gain on investments	405,802	282,486
Unrealized foreign exchange loss	<u>(3,717)</u>	<u>(35,057)</u>
	<u>402,085</u>	<u>247,429</u>
Investment income, net	<u>\$ 606,173</u>	<u>\$ 494,376</u>
General fund	<u>\$ 554,429</u>	<u>\$ 439,680</u>
Capital asset fund	<u>\$ 51,744</u>	<u>\$ 54,696</u>

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**SOUTHWESTERN ONTARIO CHILDRENS CARE INC.
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

4. Investments (continued)

Investments, all of which are recorded at fair value, have an asset mix as follows:

	2020			2019		
	General Fund	Capital Fund	Total	General Fund	Capital Fund	Total
Cash	\$ 638,864	\$ 205,175	\$ 844,039	\$ 547,154	\$ 162,512	\$ 709,666
Fixed Income						
Canadian Bonds	2,455,983	787,095	3,243,078	2,539,751	754,349	3,294,100
Equities						
Canadian	1,393,003	446,431	1,839,434	1,113,870	330,838	1,444,708
United States of America	811,953	260,215	1,072,168	738,984	219,491	958,475
Other international	109,710	35,160	144,870	93,458	27,759	121,217
	<u>2,314,666</u>	<u>741,806</u>	<u>3,056,472</u>	<u>1,946,312</u>	<u>578,088</u>	<u>2,524,400</u>
	<u>\$ 5,409,513</u>	<u>\$ 1,734,076</u>	<u>\$ 7,143,589</u>	<u>\$ 5,033,217</u>	<u>\$ 1,494,949</u>	<u>\$ 6,528,166</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

5. Capital Assets

Capital assets consist of the following:

		2020	
	Cost	Accumulated Amortization	Net Book Value
Automobiles	\$ 31,638	\$ 31,638	\$ -
Building	8,787,813	2,753,850	6,033,963
Computer hardware	170,535	134,906	35,629
Computer software	47,567	47,273	294
Furniture, fixtures, equipment	867,002	495,988	371,014
Leasehold - Ronald McDonald Family Room	286,489	237,908	48,581
Leasehold - Ronald McDonald House Windsor	1,248,194	559,116	689,078
Parking lot	<u>10,661</u>	<u>4,797</u>	<u>5,864</u>
	<u>\$11,449,899</u>	<u>\$ 4,265,476</u>	<u>\$ 7,184,423</u>

		2019	
	Cost	Accumulated Amortization	Net Book Value
Automobiles	\$ 59,349	\$ 59,349	\$ -
Building	8,725,006	2,534,940	6,190,066
Computer hardware	150,399	96,359	54,040
Computer software	47,214	46,152	1,062
Furniture, fixtures, equipment	830,390	344,963	485,427
Leasehold - Ronald McDonald Family Room	286,489	209,259	77,230
Leasehold - Ronald McDonald House Windsor	1,244,997	434,597	810,400
Parking lot	<u>10,661</u>	<u>3,731</u>	<u>6,930</u>
	<u>\$11,354,505</u>	<u>\$ 3,729,350</u>	<u>\$ 7,625,155</u>

6. Deferred Contributions

Deferred contributions represent resources that were received for events that have not yet occurred. Changes in the deferred contributions balance are as follows:

	2020	2019
Balance, beginning of the year:	\$ 6,535	\$ 11,955
Amount received during the year	-	6,535
Less: Amount recognized as revenue during the year	<u>(6,535)</u>	<u>(11,955)</u>
Balance, end of year	<u>\$ -</u>	<u>\$ 6,535</u>

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**SOUTHWESTERN ONTARIO CHILDRENS CARE INC.
(o/a RONALD MCDONALD HOUSE CHARITIES® SOUTHWESTERN ONTARIO)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

7. Financial Instruments

The Organization is exposed to various financial risks through transactions in financial instruments.

Credit Risk

The Organization is exposed to credit risk in connection with its accounts receivable and its short-term and fixed income investments because of the risk that one party to the financial instrument may cause a financial loss for the other party by failing to discharge an obligation. Accounts receivable is recorded net of an allowance for doubtful accounts of \$NIL (2019 - \$NIL).

Interest Rate Risk

The Organization is exposed to interest rate risk with respect to its investments in fixed income investments and a pooled fund that holds fixed income securities as the fair value will fluctuate due to changes in market interest rates.

Liquidity Risk

The Organization is exposed to the risk that it will encounter difficulty in meeting obligations associated with its financial liabilities. The Organization considers that it has sufficient funds available to meet its obligations as they come due.

Currency Risk

The organization enters into foreign currency purchase and sale transactions and has assets that are denominated in foreign currencies and thus are exposed to the financial risk of earnings fluctuations arising from changes in foreign exchange rates and the degree of volatility of these rates. Management does not believe they represent a significant risk to the organization. The organization does not currently use derivative instruments to reduce its exposure to foreign currency risk.

Market Risk

The organization's investments in publicly-traded securities exposes the organization to price risks as equity investments are subject to price changes in an open market. The organization does not use derivative financial instruments to alter the effects of this risk.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

8. Commitments

The Organization entered into a lease agreement with the London Health Sciences Centre ("the London hospital") whereby the Organization would lease from the London hospital certain land owned by the hospital. The initial term of the lease ends on July 31, 2083, with an aggregate annual base rent of \$1.00.

The Organization also entered into another lease agreement to support the Family Room with the London hospital whereby the Organization leases space within the hospital for \$NIL consideration. The initial term of the lease ends on February 28, 2022.

The Organization entered into a lease agreement with the Windsor Regional Hospital ("the Windsor hospital") whereby the Organization would lease from the Windsor hospital certain portions of the building owned by the hospital for \$NIL consideration. The Organization is responsible for property insurance and repairs and maintenance costs. The initial term of the lease ends in May 2026.

9. Capital Asset Fund

The Capital Asset fund balance consists of the following:

	2020	2019 (note 13)
Investments (note 4)	\$ 1,734,076	\$ 1,494,949
Capital assets (note 5)	<u>7,184,423</u>	<u>7,625,155</u>
	<u>\$ 8,918,499</u>	<u>\$ 9,120,104</u>

During the period, there were transfers made by the General fund to the Capital Asset fund in the amount of \$NIL (2019 - \$302,047).

10. Interfund Transfers

Transfers between funds during the year consist of the following:

	General Fund		Capital Asset Fund	
	2020	2019	2020	2019
Other transfers approved by the Board	\$ <u>-</u>	\$ <u>(302,047)</u>	\$ <u>-</u>	\$ <u>302,047</u>

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SOUTHWESTERN ONTARIO CHILDRENS CARE INC.
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

11. Events

Revenues are generated from events organized by the Organization as well as third party events held throughout the community. The net proceeds from community sponsored events are donated to Southwestern Ontario Childrens Care Inc. and expenses incurred to run these events are the responsibility of the fundraisers and not Southwestern Ontario Childrens Care Inc.

The Organization's primary annual fundraising events are the Ronald McDonald House Charities® Southwestern Ontario Golf Classic, Curling Bonspiel, and Red Shoe Society Events.

	2020	2019
Revenues	\$ 471,224	\$ 587,667
Expenses	<u>(149,717)</u>	<u>(133,026)</u>
Net proceeds	321,507	454,641
Third Party Event net proceeds	<u>382,558</u>	<u>535,635</u>
Total income recognized from fundraising events	\$ <u>704,065</u>	\$ <u>990,276</u>

12. Related Party Transactions

Ronald McDonald House Charities (RMHC) is a system of independent, separately registered public benefit organizations, referred to as "Chapters" within the global organization. The Organization is an independent operating Chapter within the RMHC system. Each Chapter is licensed by Ronald McDonald House Charity Global and Ronald McDonald House Charities, Inc. Canada to use RMHC related trademarks in conjunction with fundraising activities and the operation of its programs; the License Agreement also sets standards for programs, governance, finance, branding, and reporting. During the year ended December 31, 2020, the Organization received from local McDonalds Restaurants via RMHC Canada \$314,898 (2019 - \$535,635); and the Organization received \$392,170 from RMHC Canada and \$67,660 from RMHC Global (Total \$459,830) (2019 - \$376,500). Additionally, the Organization made a payment to RMHC Canada of \$25,000 for the National Partnership Program (NPP). In 2020, the decision was made to extend the NPP program for an additional 3 years due to the success of this collaborative approach for Canadian Chapters. In 2021 the NPP will move to be a self-funded model using a mission proportionate model. For Southwestern Ontario Childrens Care Inc. this will translate to sharing 7.8% of the program costs.

13. Comparative Figures

Certain sections of the comparative figures presented in these statements have been reclassified to conform to the statement presentation adopted in the current year.

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**SOUTHWESTERN ONTARIO CHILDRENS CARE INC.
(o/a RONALD MCDONALD HOUSE CHARITIES® SOUTHWESTERN ONTARIO)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

14. COVID-19

As of year end, the COVID-19 pandemic has spread across the globe and is impacting local economic activity. This global pandemic poses the risk that the organization or its clients, employees, sales partners and suppliers may be unable to conduct regular business activities for an indefinite period of time. While it is not possible at this time to estimate the impact that COVID-19 could have on the organization's business, the continued spread of COVID-19 across Canada and the measures taken by the federal, provincial and municipal governments to contain its impact could adversely impact the organization's business, financial condition or results of operations. The extent to which the COVID-19 outbreak impacts the organization's results will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the spread of the virus and government actions.

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