

Southwestern Ontario Children's Care Inc.
(o/a Ronald McDonald House Charities Southwestern Ontario)
Financial Statements

December 31, 2022

Southwestern Ontario Children's Care Inc.
(o/a Ronald McDonald House Charities Southwestern Ontario)
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For the year ended December 31, 2022

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To the Board of Directors of Southwestern Ontario Children's Care Inc:

Qualified Opinion

We have audited the financial statements of Southwestern Ontario Children's Care Inc (the "Organization"), which comprise the statement of financial position as at December 31, 2022, and the statement of operations and changes in fund balances, statements of functional expenses, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis of Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2022, 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 not-for-profit organizations, the Organization derives revenue from fundraising activities and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenues over expenditures and its cash flows for the years ended December 31, 2022 and December 31, 2021, current assets and fund balances as at December 31, 2022 and December 31, 2021.

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

MNP LLP

London, Ontario

June 7, 2023

Chartered Professional Accountants

Licensed Public Accountants

Southwestern Ontario Children's Care Inc.

Statement of Financial Position

As at December 31, 2022

	General Fund	Capital Fund	Restricted Fund	Total 2022	Total 2021
Assets					
Current					
Cash (note 10)	\$ 291,602	\$ -	\$ 1,554,205	\$ 1,845,807	\$ 3,133,600
Accounts receivable	72,416	-	-	72,416	57,685
Prepays expenses and other assets	37,340	-	-	37,340	24,648
Short-term investments (notes 3 and 10)	679,065	-	-	679,065	763,710
	1,080,423	-	1,554,205	2,634,628	3,979,643
Long-term assets					
Investments (notes 3 and 10)	7,190,054	-	-	7,190,054	6,411,374
Capital assets (note 6)	-	6,922,423	-	6,922,423	7,205,633
Intangible assets (note 7)	-	15,071	-	15,071	15,071
Cash surrender value of life insurance	15,330	-	-	15,330	15,330
	\$ 8,285,807	\$ 6,937,494	\$ 1,554,205	\$ 16,777,506	\$ 17,627,051

Liabilities

Current

Accounts payable and accrued liabilities (note 8)	\$ 144,564	\$ -	\$ 3,328	\$ 147,892	\$ 155,246
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Commitments (note 9)

Fund balances

Fund Balance, End of Year (note 12)	\$ 8,141,243	\$ 6,937,494	\$ 1,550,877	\$ 16,629,614	\$ 17,471,805
	\$ 8,285,807	\$ 6,937,494	\$ 1,554,205	\$ 16,777,506	\$ 17,627,051

Approved on behalf of the Board



Director



Director

The accompanying notes are an integral part of these financial statements

Southwestern Ontario Children's Care Inc.
Statement of Operations and Changes in Fund Balances

For the year ended December 31, 2022

	General Fund		Capital Fund		Restricted Fund		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Revenue								
Contributions	\$ 1,623,682	\$ 1,869,471	\$ -	\$ -	\$ 310,327	\$ 574,645	\$ 1,934,009	\$ 2,444,116
Fundraising activities	1,191,502	989,130	-	-	-	-	1,191,502	989,130
Grants	538,564	488,146	-	-	16,692	1,062	555,256	489,208
Guest room accomodations	105,104	83,625	-	-	-	-	105,104	83,625
Other	855	26,186	-	-	-	-	855	26,186
Total Revenue	3,459,707	3,456,558	-	-	327,019	575,707	3,786,726	4,032,265
Expenses								
Program services	2,101,167	1,889,280	541,498	560,951	155,419	174,155	2,798,084	2,624,386
Management and general	407,953	321,832	-	-	4,715	-	412,668	321,832
Fundraising	637,026	610,520	-	-	1,860	2,224	638,886	612,744
Total Expenses	3,146,146	2,821,632	541,498	560,951	161,994	176,379	3,849,638	3,558,962
Excess (deficiency) of operating revenue over expenses	313,561	634,926	(541,498)	(560,951)	165,025	399,328	(62,912)	473,303
Investment income (loss) (note 3)	(779,357)	774,933	-	-	78	45	(779,279)	774,978
Canada Emergency Wage Subsidy (note 4)	-	223,569	-	-	-	-	-	223,569
Excess (deficiency) of revenue over expenses	\$ (465,796)	\$ 1,633,428	\$ (541,498)	\$ (560,951)	\$ 165,103	\$ 399,373	\$ (842,191)	\$ 1,471,850
Fund balance, beginning of year	8,642,754	7,081,456	7,220,704	7,184,423	1,608,347	1,734,076	17,471,805	15,999,955
Transfers between funds (note 5)	(35,715)	(72,130)	258,288	597,232	(222,573)	(525,102)	-	-
Fund balance, end of year	\$ 8,141,243	\$ 8,642,754	\$ 6,937,494	\$ 7,220,704	\$ 1,550,877	\$ 1,608,347	\$ 16,629,614	\$ 17,471,805

The accompanying notes are an integral part of these financial statements

Southwestern Ontario Children's Care Inc.
Schedule 1 - Statement of Functional Expenses

For the year ended December 31, 2022

	<i>Ronald McDonald House (London)</i>	<i>Ronald McDonald House (Windsor)</i>	<i>Ronald McDonald Family Room</i>	Total Program Services	<i>Management and General</i>	<u><i>Support Services</i></u> <i>Fundraising</i>	Total Support Services	Total Expenses
Advertising and promotion	\$ 684	\$ 387	\$ 219	\$ 1,290	\$ 124	\$ 130,494	\$ 130,618	\$ 131,908
Amortization	507,503	27,494	6,501	541,498	-	-	-	541,498
Direct mail	-	-	-	-	280	11,871	12,151	12,151
Donor recognition	-	-	-	-	-	17,609	17,609	17,609
Family support services and supplies	86,626	49,037	7,066	142,729	-	-	-	142,729
Insurance	4,470	2,530	1,434	8,434	809	2,311	3,120	11,554
Investment management fees	-	-	-	-	78,469	-	78,469	78,469
IT Support	12,245	6,931	3,928	23,104	2,215	6,330	8,545	31,649
Maintenance and repairs	316,442	112,550	-	428,992	-	-	-	428,992
Education, training and meetings	13,161	7,449	4,221	24,831	2,381	1,668	4,049	28,880
Office supplies	14,044	8,808	4,511	27,363	73,957	11,794	85,751	113,114
Postage and courier	-	-	-	-	5,141	9,244	14,385	14,385
Professional fees	2,647	1,498	849	4,994	93,309	16,989	110,298	115,292
Salaries	780,742	441,930	250,427	1,473,099	141,256	403,589	544,845	2,017,944
Travel, meals and entertainment	-	-	-	-	11,274	19,423	30,697	30,697
Utilities	96,590	6,577	3,680	106,847	2,076	5,931	8,007	114,854
Volunteer recognition	11,925	1,965	1,013	14,903	1,377	1,633	3,010	17,913
Total Expenses	\$ 1,847,079	\$ 667,156	\$ 283,849	\$ 2,798,084	\$ 412,668	\$ 638,886	\$ 1,051,554	\$ 3,849,638

The accompanying notes are an integral part of these financial statements

Southwestern Ontario Children's Care Inc.
Schedule 2 - Statement of Functional Expenses

For the year ended December 31, 2021

	<i>Ronald McDonald House (London)</i>	<i>Ronald McDonald House (Windsor)</i>	<i>Ronald McDonald Family Room</i>	Total Program Services	<i>Management and General</i>	<u>Support Services</u> <i>Fundraising</i>	Total Support Services	Total Expenses
Advertising and promotion	\$ 201	\$ 347	\$ 64	\$ 612	\$ 9,164	\$ 138,967	\$ 148,131	\$ 148,743
Amortization	524,156	29,758	7,036	560,950	-	-	-	560,950
Direct mail	-	-	-	-	265	13,893	14,158	14,158
Donor recognition	-	-	-	-	-	16,495	16,495	16,495
Family support services and supplies	81,013	45,243	2,274	128,530	-	-	-	128,530
Insurance	4,264	2,413	1,368	8,045	771	2,204	2,975	11,020
Investment management fees	-	-	-	-	65,958	-	65,958	65,958
IT Support	13,156	7,447	4,220	24,823	2,380	6,801	9,181	34,004
Maintenance and repairs	278,619	104,446	72	383,137	-	-	-	383,137
Education, training and meetings	3,821	2,163	1,226	7,210	691	1,975	2,666	9,876
Office supplies	11,389	7,049	3,555	21,993	57,247	7,885	65,132	87,125
Postage and courier	-	-	-	-	5,022	13,349	18,371	18,371
Professional fees	2,127	1,204	682	4,013	42,413	14,616	57,029	61,042
Salaries	733,638	415,267	235,318	1,384,223	132,734	379,239	511,973	1,896,196
Travel, meals and entertainment	-	-	-	-	2,197	10,012	12,209	12,209
Utilities	83,227	6,135	3,476	92,838	1,961	5,602	7,563	100,401
Volunteer recognition	4,823	2,130	1,059	8,012	1,029	1,706	2,735	10,747
Total Expenses	\$ 1,740,434	\$ 623,602	\$ 260,350	\$ 2,624,386	\$ 321,832	\$ 612,744	\$ 934,576	\$ 3,558,962

The accompanying notes are an integral part of these financial statements

Southwestern Ontario Children's Care Inc.

Statement of Cash Flows

For the year ended December 31, 2022

	2022	2021
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenues over expenses on fund operations	(842,191)	1,471,850
Items not affecting cash		
Amortization	541,498	560,951
Realized gain on sale of investments	(12,260)	(140,108)
Unrealized loss (gain) on investments	1,031,422	(458,954)
Increase in cash surrender value of life insurance	-	(15,330)
	718,469	1,418,409
Changes in working capital accounts		
(Increase) decrease in accounts receivable	(14,731)	4,700
Increase in prepaid expenses and other assets	(12,692)	(2,060)
Decrease (increase) in accounts payable and accrued liabilities	(7,354)	(12,606)
	683,692	1,408,443
Investing		
Net change in investments	(1,713,197)	(276,472)
Purchases of capital assets	(258,288)	(582,161)
Purchases of intangible assets	-	(15,071)
	(1,971,485)	(873,704)
Increase (decrease) in cash resources	(1,287,793)	534,739
Cash resources, beginning of year	3,133,600	2,598,861
Cash resources, end of year	\$ 1,845,807	\$ 3,133,600
Cash resources are comprised of:		
General Fund	\$ 291,602	\$ 1,525,253
Restricted Fund	1,554,205	1,608,347
	\$ 1,845,807	\$ 3,133,600

The accompanying notes are an integral part of these financial statements

Southwestern Ontario Children's Care Inc.

Notes to the Financial Statements

For the year ended December 31, 2022

1. Purpose 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, and Family Rooms to help enable the support of families with sick children. The 12 Canadian Chapters operate 16 houses, and 17 family rooms across Canada.

We fulfill 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 Houses – 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 - Children's 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.

Ronald McDonald Family Room

When a child is critically ill, parents and caregivers may be reluctant to leave the hospital. In order to provide comfort and support to their child, it is important that parents and caregivers have an opportunity to rest, have a nutritious meal or have a moment of quiet. Located inside medical care facilities, the Ronald McDonald Family Room in London Health Sciences Centre – Children's Hospital serves as a place of respite, relaxation and privacy for family members, often just steps away from where their child is being treated. The Ronald McDonald Family Room program provides parents with an opportunity to remain close to their 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* in both hospitals brings the family room concept right to the families and helps to educate and engage them in the services offered by Ronald McDonald House Programs.

Southwestern Ontario Children's Care Inc.

Notes to the Financial Statements

For the year ended December 31, 2022

2. Significant accounting policies

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

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 policies, the following funds are used:

(i) General Fund

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

(ii) Capital Asset Fund

The Capital Asset fund reports the Organization's capital asset activities.

(iii) Restricted Fund

The Restricted fund consists of externally restricted revenues from fundraising activities and donations that are to be used in accordance with restrictions placed by the donors.

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 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.

Room contributions 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 when the amount has been received.

Investment income (loss) consists of interest, dividends, income distributions from pooled funds, and unrealized gains and losses. Investment income and losses 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.

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 support services benefited.

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 historical exchange rate.

Southwestern Ontario Children's Care Inc.
Notes to the Financial Statements
For the year ended December 31, 2022

2. Significant accounting policies (continued from previous page)

Capital assets

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

Automobiles	5 years
Building - Ronald McDonald House London	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

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.

Intangible assets

Website upgrades are recorded at cost and amortized over their estimated useful lives of 3 years.

Intangible assets are tested for impairment only when an event or circumstance occurs indicating that the fair value may be lower than their carrying amount.

Contributed materials and services

Donated materials and services are recorded in the financial statements at fair market value when the fair market value can be reasonably estimated. Gifts in kind for the year amounted to \$18,607. Directors and volunteers offer their time to assist in the Organization's activities. While these services benefit the Organization considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires directors and management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. By their nature, these estimates are subject to measurement uncertainty. These estimates are reviewed periodically and adjustments are made to income in the year which they become known. Actual results may vary from these estimates.

2. Significant accounting policies (continued from previous page)

Financial assets and liabilities

Measurement of financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Investments are subsequently measured at fair value.

Related party financial instruments are measured at cost on initial recognition. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows, excluding interest, dividend, variable and contingent payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration transferred. When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received.

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

Financial assets measured at amortized cost include accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the statement of operations. The write down reflects the difference between the carrying amount and the higher of:

- a. the present value of the cash flows expected to be generated by the asset or group of assets;
- b. the amount that could be realized by selling the assets or group of assets;
- c. the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the event occurring after the impairment confirms that a reversal is necessary, the reversal is recognized in the statement of operations up to the amount of the previously recognized impairment.

Government assistance

Government assistances is recognized where there is reasonable assurance that the Organization has complied and will continue to comply with all conditions of the assistance. Government assistance toward current expenditures is recognized in income for the period as revenue.

Southwestern Ontario Children's Care Inc.

Notes to the Financial Statements

For the year ended December 31, 2022

3. Investments

Investments in pooled funds have been allocated among the asset classes based on the underlying investments held in the pooled funds. Rates of return on fixed income investments range from 1.1% to 5.85%.

	2022	2021
Investment income (expense) consists of the following:		
Interest, dividends and other	\$ 239,883	\$ 175,916
Realized gains on sale of investments	12,260	140,108
	<u>252,143</u>	<u>316,024</u>
Unrealized (loss) gain on investments	(1,109,140)	350,361
Foreign exchange gain	77,718	108,593
	<u>(1,031,422)</u>	<u>458,954</u>
Total Investment Income	\$ (779,279)	\$ 774,978
General Fund	\$ (779,357)	\$ 774,933
Restricted Fund	78	45
Total	\$ (779,279)	\$ 774,978

4. Government assistance

The Canada Emergency Wage Subsidy ("CEWS") was available to certain eligible employers who experienced a decline in eligible revenue compared to a previous period (baseline revenue). Employers may have been eligible to receive a wage subsidy if they met certain criteria as determined by the Federal Government of Canada. This program ended in 2021.

5. Interfund transfers

The Organization transfers funds to the capital asset fund to fund purchases of capital assets. During the year, \$222,573 of capital asset purchases were funded by the restricted fund (\$525,102 in 2021) and \$35,715 of capital asset were funded through the general fund (\$72,130 in 2021). These transfers were approved by the Board of Directors.

6. Capital assets

	2022		2021	
	<i>Cost</i>	<i>Accumulated amortization</i>	<i>Net</i>	<i>Net</i>
Automobiles	\$ 31,638	\$ 31,638	\$ -	\$ -
Buildings – Ronald McDonald House London	9,396,508	3,210,089	6,186,419	6,242,279
Computer hardware	196,675	173,975	22,700	17,750
Computer software	49,126	47,769	1,357	176
Furniture, fixtures, equipment	1,042,077	803,814	238,263	340,460
Leasehold – Ronald McDonald Family Room	303,827	283,883	19,944	36,403
Leasehold – Ronald McDonald House Windsor	1,259,836	809,828	450,008	563,767
Parking lot	10,661	6,929	3,732	4,798
	<u>\$ 12,290,348</u>	<u>\$ 5,367,925</u>	<u>\$ 6,922,423</u>	<u>\$ 7,205,633</u>

Amortization of \$541,498 (2021 - \$560,951) was recorded on the equipment for the year.

Southwestern Ontario Children's Care Inc.

Notes to the Financial Statements

For the year ended December 31, 2022

7. Intangible assets

	2022		2021	
	Cost	Accumulated amortization	Net	Net
Website	\$ 15,071	\$ -	\$15,071	\$ 15,071

Intangible assets consist of website development costs and upgrades. As at December 31 these changes have not been deployed and therefore no amortization was taken in 2022.

8. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities includes \$6,398 of payroll related remittances to the government (2021 - \$2,084).

9. 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 ended on May 30th, 2022, but the Organization continues to use the space and is in the process of renewing the lease.

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.

10. Financial instruments

Unless otherwise noted it is management's opinion that the Organization is not exposed to significant risks. There have been no changes in the Organization's risk exposures from the prior year.

Interest rate risk

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

Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet its obligations as they become due. The Organization manages this risk by establishing budgets and maintaining sufficient funds on hand to cover its anticipated obligations.

Credit risk

The Organization is exposed to credit risk in connection with its accounts receivable and its short-term and fixed income investments due to the risk that one party to the financial instrument may cause a financial loss for the other party by failing to discharge an obligation.

Southwestern Ontario Children's Care Inc.

Notes to the Financial Statements

For the year ended December 31, 2022

10. Financial instruments (continued from previous page)

Currency risk

The Organization holds investments denominated in foreign currencies and thus is exposed to the risk of earnings fluctuations arising from changes in the foreign exchange rate. Management does not believe this represents a significant risk to the Organization. The Organization does not use derivative instruments to reduce its exposure to foreign currency risk. The following amounts on the statement of financial position have been translated to Canadian dollars at the year-end exchange rate and are denominated in US dollars.

	2022	2021
Cash	\$ 208,755	\$ 828,105
Investments	\$ 1,821,598	\$ 1,328,149

Market risk

The Organization's investments in publicly traded securities expose the Organization to price risks as equity instruments are subject to price changes in an open market. The Organization does not use derivative financial instruments to reduce its exposure to this risk.

11. 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, 2022, the Organization received donations from local McDonalds Restaurants via RMHC Canada totaling \$136,964 (2021 - \$235,663); and the Organization received \$420,650 from RMHC Canada and \$41,873 from RMHC Global (Total \$462,523) (2021 - \$650,992). Additionally, the Organization made payments to RMHC Canada of \$51,040 (2021 - \$45,678) for the National Partnership Program (NPP). In 2021, 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 moved to be a self-funded model using a mission proportionate model. For Southwestern Ontario Children's Care Inc. this will translate to sharing approximately 7.8% of the program costs. These transactions are in the normal course of operations and measured at the exchange amount.

12. Restricted fund

The Organization's restricted fund consists of the following balances at year-end:

	2022	2021
RMH London	\$ -	\$ 7,524
RMH Family Room – London	9,229	11,115
Pay it Forward – RMH London	1,000	1,000
Fynn & Friends Den (Annual Refresh London)	17,866	17,866
Room Expansion (Mini London)	-	134,779
Capital replacement fund	12,500	-
New Build - London	1,510,282	1,436,063
	\$ 1,550,877	\$ 1,608,347