

RONALD MCDONALD HOUSE CHARITIES SOUTHWESTERN ONTARIO

2017 ANNUAL REPORT

Presented at the Annual
General Meeting
April 12, 2018



Ronald
McDonald
House
LONDON



Ronald
McDonald
Family Room
LONDON



Ronald
McDonald
House
WINDSOR

Regan was born with complications so her family has stayed close at RMH London 8 times in the past 5 years while she receives the medical care she needs. Having a "home-away-from-home" brings piece of mind to the family because Regan can continue to defy the odds with her parents beside her.

The **Berg** Family, Windsor

Because
there are **No Limits** to
what **YOU CAN DO** with your
FAMILY BY YOUR SIDE



Ronald McDonald
House Charities®
Southwestern Ontario

Keeping families close

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190
NIGHTS
at Ronald McDonald House





Mission

To provide comforting and supportive programs and services for families of seriously ill children who require medical care.

Message from the President - Lou Anne Farrell

We began this 16-month 'year' with the successful recruitment of our new CEO, Tracey Keighley-Clarke, who joined us officially in January of 2017. Tracey has been doing a great job steering the RMH ship - helping us to move toward our objective of making our Chapter a Centre of Excellence and as always, advancing our mission to provide comforting and supportive services and programs for families of seriously ill children who require medical care. I would also like to take a moment to recognize Susan Fahner, Operations Director - who supported the team through the transition as the acting Executive Director in the Fall of 2016.

In May, we celebrated the first anniversary of Canada's first "House within a Hospital" in Windsor Regional Hospital. With a full year of operation under our belts, the Windsor house is serving as a prototype for other chapters throughout Canada and served over 135 families and provided 1686 nights of comfort.

In August, we completed a refresh of our Strategic Plan with the assistance of consultant Fred Galloway. We expect that the evolution and growth of the Chapter will continue in the coming year. The London House is at full capacity, with some families staying off-site with one of our great hotel partners. The Windsor House too is often full. As such, we are undertaking a Capacity Review to consider alternatives in order to be able to meet the current and future needs of the families we serve. We are also exploring the possibility of opening a second family room at a hospital in our larger Southwestern Ontario region.

I want to thank all of our staff for their true dedication and commitment to our mission, particularly over this year of change. Warm thanks as well to our volunteers, who take tremendous pride in the House, always ensuring that the families have the comfort and security they need to allow them to focus on their children. In closing, I would like to thank our donors, who give generously knowing that Ronald McDonald House will be good stewards of their contributions.

Emma was born premature and rushed to London for medical care, where her family called RMH London their "home-away-from-home". Having proud big sister Olivia staying at the House meant she could spend time with baby Emma while helping mom and dad feel right at home.

The **Kovacs** Family, Thunder Bay

Because
BIG SISTERS
MAKE A *big difference*



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92

NIGHTS

at Ronald McDonald House

@RMHC SWO



*Message from Tracey Keighley-Clarke,
Chief Executive Officer*



VISION

*Giving sick
children
what they
need most...
their
families*



The past 16 months have been filled with growth and change. A new strategic plan has refocused the Chapter on the priorities for the next 3 - 5 years. To align Ronald McDonald House chapters worldwide, we adjusted our financial period to a calendar year. This allows us to compare our chapters - to grow and learn. April 1, 2018 will see the launch of new organizational structure positioning RMHC-SWO for the future.

This year there has been significant investment in the London House - with painting, replacement of appliances, modifications to our kitchen and the addition of a larger commercial dishwasher freeing up staff and volunteer time. In 2018 all 34 bedrooms will undergo a refresh.

All three of the regional programs have been busy - demonstrating the value of our services to families. Windsor's Day Pass Program, the Family Room On-the-Go Cart and the two Houses have allowed us to support more families in 2017. The London Family Room experienced a 23% increase in visits. Based on feedback from staff and families we introduced several new London programs including Pet Therapy, a hot lunch program and Eddie "the Barber."

Our community continues to show how much they care for our families by attending our events, holding their own third-party fundraisers and more than 3,200 individuals making personal donations to the Chapter.

I am humbled by the ongoing support of McDonalds - our forever and founding partner. With 63 restaurants across the Chapter supporting us - we are in awe of all they do to help us keep families close. With about 25-30% of our annual operating budget being raised through the coin box program, the sale of Happy Meals and McHappy Days they make a significant investment in our families and our communities. We are and will be forever grateful.

After Max was diagnosed with Leukemia at two days old, his mom stayed close at RMH London while dad was able to care for his brothers back home. The ability to have the boys come and stay on weekends meant Max received the medical treatment he needed along with a healthy dose of brotherly love.

The **Rombouts** Family, Sarnia

Because
"BOYS NIGHTS"
ARE *more fun* WHEN
MOM is there, too!



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144
NIGHTS
at Ronald McDonald House

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A YEAR IN REVIEW

"The family is one of nature's masterpieces" – George Santayana

When a child's medical care requires a family to travel to Children's Hospital, London Health Sciences Centre, or to Windsor Regional Hospital, Metropolitan Campus, we are there to help them land as softly as possible. It is our honour to focus on the parents and family, so they can give their child receiving medical care the very best of themselves in a time of great need. We celebrate the ability to be here and carry the necessities of life when a parent simply cannot.

The story in the numbers below depicts our first full year of reporting on the successful operation of 3 separate programs across Southwestern Ontario. In the past year, we have excelled in our learnings of what a family may need brought to them while bedside with our On-the-Go program, what they need steps away inside the hospital with our Day-Pass and Family Room programs, and what they need when they arrive to their Home-away-from-Home with our two House programs. Our programs now span these needs and serve families each step of the way.

With over 15,000 nights of comfort and services provided to families, just imagine if we could tell our story in the number of full tummies, giggles, cuddles, bedtime songs and butterfly kisses.

Did You Know...

It costs \$177 for RMHC-SWO to host a family for one night

Families are asked to pay just \$10.00/night and never turned away due to inability to pay

RMH London is just 165 steps from LHSC, while RMH Windsor is the first Canadian House-within-a-Hospital, located inside WRH

Total Nights of Comfort provided by RMHC-SWO

15,805

(RMH London, RMH Windsor & Family Room)

Average Length of Stay

RMH London: **13 nights**

RMH Windsor: **14 nights**

(RMH London stat excludes 1-2 night stays)

Total Number of Families Served by RMHC-SWO

4,456

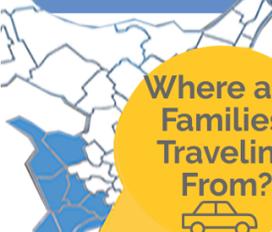
(RMH London, RMH Windsor & Family Room)

Longest Consecutive Family Stays

RMH London: **147**

RMH Windsor: **102**





Where are Families Traveling From?

RMH London Top 3 Regions Served

Windsor-Essex -22%

Northern Ontario- 13%

Lambton - 10%

RMH Windsor Top 3 Regions Served

Windsor -46%

Essex County - 39%

Chatham-Kent - 10%

Support Programs Serving Families

-  **Countless** puppy cuddles with the Pet Therapy program at RMH London & RMH Windsor
-  **Weekly** haircuts provided in RMH London's new Barber Shop **and** Art for Family sessions in our Multi-Purpose space
-  RM Family Room On The Go cart program has served **4,917** individuals staying bedside at London Children's Hospital
-  **827** families made a total of **5,015** visits to utilize RMH Windsor's resources with the Day Pass Program

Why do Families Need to Stay Close?

<p>RMH Windsor Top 3 Diagnosis</p> <p>Premature Infants - 66%</p> <p>Newborn Complications - 11%</p> <p>Respiratory - 9%</p>	<p>RMH London Top 3 Diagnosis</p> <p>Premature Infants -13%</p> <p>Respiratory - 10%</p> <p>Neurology - 9%</p>
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When Olivia was diagnosed with an extremely rare form of Meningitis her family stayed just 165 steps from her hospital room at RMH London. Olivia's brothers were always protective of their little sister, so there was no questioning that they needed to be by her side, too.

The **Ireland** Family,
Listowel

Because
big brothers
WORK TOGETHER TO
look out for
LITTLE SISTERS



34
NIGHTS
at Ronald McDonald House



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FAMILY AND COMMUNITY IMPACT 2017

House Guest Families



Meet Our Families!



- ▼ Windsor-Essex—333 families
- ▼ Grey Bruce—138 families
- ▼ Oxford-Elgin —120 families
- ▼ Northern Ontario—169 families
- ▼ Sarnia-Lambton—112 families
- ▼ Huron Perth—93 families
- ▼ Chatham-Kent—87 families
- ▼ Other Areas of Ontario—149 families
- ▼ Out of Province—5 families
- ▼ Out of Country—4 families



An additional 3,246 families were supported by RM Family Room and the Windsor Day Pass Program.



Oliver and Levi are healthy toddlers on the move today, but both boys needed some extra care to get there. Staying close at RMH London when Oliver was born, and then again a year later with little brother Levi, the family was thankful to have their "home-away-from-home" not just once, but twice!

The **Steenbergen** Family, Woodstock

Because
KIDS LIKE TO
move fast,
BUT *growing strong*
can take some time!



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100

NIGHTS

at Ronald McDonald House

SELECTED CHAPTER HIGHLIGHTS

Expand Our Programs And Services

- Programs and service expansion allowed us to increase families served
- Planned and implemented *Pet Therapy Program* serving 150 people in 2017
- *Eddie the Barber Program* provided 63 hair cuts in 2017
- Successfully launched Windsor Day Pass Program serving 827 families in 2017
- Expanded Family Services Coordinator support for Meals from the Heart Program and Family Room Support
- Planned and implemented facility improvements including expanding storage space, adding a commercial dishwasher, and equipment replacements
- Expanded *Meals from the Heart Program* to London Family Room
- Improved internet speed and dependability for guest families

Achieve Organizational Excellence

- Benchmarked with Canadian Peers and expanded housekeeping and maintenance services at London House
- Operationalized new Donor Management System to improve stewardship
- Advanced Technology with phased system upgrades to infrastructure to improve functionality
- 100% of Chapter Staff Trained in Mental Health First Aid
- Developed a standardized recruitment process
- Completed website audits for security and accessibility standards
- Activated asset management system with London Health Sciences Centre support

Strengthen Strategic Relationships and Mobilize Support

- 72% of Board Members attended Board Source Governance Training
- Successfully recruited new board members
- Developed a Board Member Orientation program
- Expanded payroll giving with key community partners
- Increased volunteer capacity from 1:48 Staff to Volunteer ratio to 1:62 ratio
- Seasonal Holiday campaigns successfully increased revenue by more than \$41,000 and reconnected 115 lapsed donors with our mission

Mandy and Don have had three boys, each born weighing less than 3 lbs 2 oz. Their first stay at RMH London kept them close to twins Zarian and Xzavier, making it easier to balance caring for the boys and running a business. Five years later, these now big brothers spent time with baby Zendrix while he grew strong before returning home – just like them!

The **Zuk** Family, Walkerton

Because BEING TOGETHER as a *family matters* EVERYTIME



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217
NIGHTS
at Ronald McDonald House

[@RMHCSWO](https://www.instagram.com/RMHCSWO)





Keeping Families Close



In 2017 we embarked on a process to define our priorities and focus for the next 3-5 years. The following list represents our planned focus moving forward.

STRATEGIC PRIORITIES 2018-2022

Enhance Family Experiences

- Develop long term program plans to meet our families' evolving needs
 - Complete a Facilities Assessment and Development Plan
 - Improve service excellence that creates positive family experiences

Deepen and Broaden Donorship

- Foster donor relationships
- Build a donor stewardship and engagement program
 - Increase fund development revenues

Expand Strategic Partnerships

- Broaden our regional presence
- Grow our strategic partnerships

Cultivate our Peoples Potential

- Develop our organizational culture and structure to reflect our evolving scope and services
 - Improve employee engagement and accountability
- Continuously improve our governance model and practices

When Preslie was rushed by ambulance over an hour away from home after being found unresponsive, the Hensel Family stayed close at RMH London. Preslie's mom had the comforts of home just steps away from the hospital, making it possible to advocate for her daughter's care while being by her side every step of the way.

The **Hensel** Family, Wallaceburg

Because
everyone
needs their
MOM



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88

NIGHTS
at Ronald McDonald House

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BOARD COMMITTEE REPORTS

- GOVERNANCE COMMITTEE
- INVESTMENT COMMITTEE
- NOMINATING COMMITTEE
- STRATEGIC PLANNING
OVERSIGHT COMMITTEE
- TREASURER'S REPORT

**Southwestern Ontario Childrens Care Inc.
o/a Ronald Mc Donald House Charities Southwestern Ontario
2016-2017 Annual General Meeting**

Governance Committee Report

The Governance Committee was comprised of the following members:

Carl Edwards, Anne McNeil, John Simioni, Samantha Parsons, Tracey Keighley-Clarke and Harry Van Bavel (Chair)

During the period September 1, 2016 through December 31, 2017 the Committee met on 12 occasions and undertook the following:

- By-Law review and amendment;
- Broad policy review;
 - Compiling an inventory of existing policies;
 - Conflict of interest policy;
 - Risk assessment policy
- Board satisfaction survey;
- Committee structure review including review of Terms of Reference for committees;
- Developed annual work plan;
- Immersion training;
- Board Member profile development
 - Board Member profile;
 - Terms of Reference for President, Treasurer;
 - Board Member integration;
 - Orientation for Board members.

The Committee completed:

- The development of Board Member profile and the Terms of Reference for the President and Treasurer;
- Organization of existing policies into sub-groups and revising a portion of the policies;
- Training to better understand Board governance.

The projects continuing into the new year will be ongoing revision of the By-Laws; continued revision of policies and the further review of committee structure.

Respectfully Submitted,

Harry Van Bavel, Chair of the Committee

**Southwestern Ontario Childrens Care Inc.
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2016-2017 Annual General Meeting**

Investment Committee Report

The Committee consisted of:

Tim Marko, Al MacKinnon, Carl Edwards, Amanda Mulder, Jon Williams, Dave Fulton and Robert Sandford (Chair)

In 2017 the committee met two times with Industrial Alliance (February and September), and corresponded monthly.

- Market value of our reserves on December 31, 2017 was \$6,297,047
- Return on our investment (ROI) for 2017 was 6.07% (4.97%- 2016)
- ROI for the 3 years 2015-2017 was 4.17%, and 5.20% for the 5 years 2013-2017
- Direct and indirect fees paid to Industrial Alliance for 2017 were \$54,176 or 0.88% (\$84,432 or 1.63% - 2016)
- Asset mix on December 31, 2017 was Cash 17.6%, Fixed Income 44.8%, Equities 35.3% and Alternative Investments 2.3%
- Usually we hold 10% in cash, but we sold some investments late in the year and the proceeds weren't reinvested until January.

During the course of this year, we have undertaken the following:

- We compared our portfolio performance against various weighted average indices. Our performance was favourable.
- We continue to work with our investment advisors Larry Riggin and Greg Leclair of Industrial Alliance closely and we are focusing on foreign currency hedging strategies to reduce volatility in our investment performance

Our plans for 2018 are as follows:

- We will separate our reserves at Industrial Alliance into two components, capital and operating, to facilitate accounting and financial reporting for 2018 and beyond
- In the summer we will review and update our existing Terms of Reference (June 2014) and our Investment Guidelines (November 2015)

Respectfully submitted,

*Robert G. Sandford, CPA, CA
Treasurer and Chair of the Investment Committee*

**Southwestern Ontario Childrens Care Inc.
o/a Ronald Mc Donald House Charities Southwestern Ontario
2016-2017 Annual General Meeting**

Nominating Committee Report

**Board of Directors
*Tenure as of March 31st, 2018***

<u>Name</u>	<u>Year</u>	<u>Position</u>
Michael Barrett	2007	Past President
Lou-Anne Farrell	2008	President
Michael Malleck	2009	Former President
Bob Sandford	2010	Treasurer
Greg Marshall	2011	
Laurie Gould	2012	Hospital Appointee
Dave Fulton	2014	
Harry Van Bavel	2014	1 st Vice-President
Jon Williams	2014	
Carl Edwards	2015	
Anne McNeil	2015	2 nd Vice-President
John Simioni	2015	McDonald's Owner/Operator Appointee
Carl Edwards	2015	
Kelly Finlayson	2016	Hospital Appointee
Noah Fullbright	2016	
Patricia Hoffer	2017	
Rob Reid	2017	McDonald's Owner/Operator Appointee
Laura Emmett	2018	
Tracey Keighley-Clarke	2017	ex-officio, Board Secretary

Terms ending in 2018

Standing for re-appointment

Michael Barrett	Ineligible – term complete
Michael Malleck	Ineligible – term complete
Greg Marshall	Ineligible – term complete
Anne McNeil	yes
John Simioni	yes
Carl Edwards	yes

Board Movement over the Last Year

Since the last Annual General Meeting (AGM) in December 2016, there have been two changes to the composition of the Board. In February 2018, Anita Imperioli resigned from her position on the Board. At its meeting on March 12th, 2018, the Board passed a motion to add Laura Emmett to the Board of Directors. Laura is a Past-President of the Red Shoe Society, and had been sitting as non-voting member of the Board waiting for the next opening on the Board.

In addition, we have been fortunate to identify Amanda Mulder from a list of candidates to join the House to work with Treasurer Bob Sandford to learn the role and functions of the Board Treasurer position. We are looking forward to having Amanda continuing to work with us.

New Names being put forward for consideration for 2018-20:

There were three known vacancies on the Board as we prepared our new slate of candidates – Michael Barrett, Michael Malleck and Greg Marshall have stepped down from the Board as their term is now complete.

After a review of the needed skills, experience and competencies, and completing an evaluation process of candidates, the Nominating Committee would like to put forward the following candidates to serve for the next two years:

- Derek Lall, Director, London Health Sciences Centre
- David Musyj. President & CEO, Windsor Regional Hospital
- Dave Strano, Co-owner, Burrito Boyz

A short biography for each candidate is attached to this report in Appendix A

With these appointments, the Board of Directors will have filled all vacant positions on the Board to the maximum number allowed in the by-laws.

The Nominating Committee will also move to fill a vacancy which will become open in the summer of 2018. Noah Fullbright has indicated that he has accepted a new position with Cargill and will be moving to Wichita this summer. With Noah's departure, he will unfortunately be stepping down from the Board, and we will need to recruit for this vacated position at that time.

Respectfully submitted,

Michael Barrett
Chair, 2016/17/18 Nominating Committee

CANDIDATE BIOGRAPHIES

Derek Lall

Derek Lall is currently the Director of Facilities Management Department at London Health Sciences Centre (LHSC).

Derek has gained his leadership experience as a senior manager in large complex organizations, in both the public and private sectors. Derek brings his 27 years of experience involving strategic and master planning, innovative sustainable practice and design, business development and business intelligence for decision economics to his role.

Derek and Judy have been married for 19 years and have two daughters, Kendra 16 and Erica 14. Derek has commenced his studies for a Master's in Business Administration.

David Musyj

David Musyj is the President and CEO of Windsor Regional Hospital (WRH). He is licensed to practice law in both Ontario and the State of Michigan.

Under David's leadership, the Windsor Regional Hospital vision, *Outstanding Care – No Exceptions* is a living and breathing statement that inspires the entire team at the hospital. David believes the engine of WRH is its staff and he is committed to working with them to create a healthy, motivating and rewarding workplace. In keeping with this philosophy, WRH continues to strive for excellence and innovation.

Born and raised in Essex County, David is married to Elizabeth who is also a lawyer and is a partner with the Bartlet and Richards law firm. Elizabeth and David are the proud parents of a son, Maxim.

Dave Strano

Dave was born and raised in London, Ontario. He went to the University of Waterloo studying political sciences, and quickly began working for the City of London.

Once with the city, Dave began to realize it may not be his passion. Taking a leap of faith, he and a business partner opened up Burrito Boyz London in 2013. Now five years later, he has two locations, a Property Management firm, and is starting Braxx Railings Inc.

In his free time, Dave enjoys giving back to the community in ways such as working on his long standing Good Friday Bowl in support of Adolescent Mental Health. He also has worked five years with the Red Shoe Society in partnership with the Ronald McDonald House. Dave is recently engaged to Joanne, and they share one gorgeous little boy named Joey. Dave is so appreciative of the doors that have been opened for him by his family allowing him to give back to the community in every way possible.

**Southwestern Ontario Childrens Care Inc.
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2016-2017 Annual General Meeting**

Strategic Planning Oversight Committee Report

2016/17 The Committee consisted of:

Laurie Gould (Committee Chair)

Carl Edwards, Anita Imperioli, Harry Van Bavel, Jon Williams, Tracey Keighley-Clarke

Numerous meetings and discussions were held during the past year with key meetings March 14, 2017, Strategic Plan Refresh Retreat June 10, 2017, and February 5, 2018.

During the course of this year, significant accomplishments included:

- Stakeholder consultation including family survey, online survey, interviews, focus groups
- Drafted Implementation Charts for 4 Strategic Directions for RMHC-SWO
- Drafted Implementation Template that the leadership team has been working with for Board reporting
- The RMH Board approved the four identified strategic directions and high level goals, the 5 year timeline of 2018-2022 and quarterly board reviews of Strategic Plan progress
- The Implementation Plan is ready to go to the Ronald McDonald House Board of Directors for the next meeting

There will be an annual review of the Strategic Plan objectives for the current 5 year Strategic Plan with quarterly reporting to the Ronald McDonald House Board of Directors. There are no other activities planned for the Strategic Plan Oversight Committee in the coming year, but it will meet on an ad hoc basis as necessary

Respectfully submitted,
Laurie Gould

**Southwestern Ontario Childrens Care Inc.
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2016-2017 Annual General Meeting**

Treasurer's Report

Transition for Consistency

As part of RMHC Canada's Financial Consistency Project, we have implemented numerous changes to our accounting policies and financial reporting. We have adopted these changes effective September 1, 2016 to ensure our financial reporting is consistent with other Chapters in Canada and around the globe. The changes in accounting policies have been applied retrospectively. This report covers the 16-month period from September 1, 2016 to December 31, 2017. Highlights of the changes are as follows:

INITIATIVE	IMPLICATIONS
<ul style="list-style-type: none">• Fiscal year end change: From Aug 31 to Dec 31	2017 reports 16 months of operations (2016 reports 12 months)
<ul style="list-style-type: none">• Amortization of Capital Assets: Adopted the straight-line method from the declining balance method	Net book value as at Aug 31, 2016 increased \$94,595 2016 amortization expense increased \$10,466
<ul style="list-style-type: none">• Contributions Received: Adopted the Restricted Fund Method from the Deferral Method	Deferred Contributions as at Aug 31, 2016 changed from \$7,436,603 to \$NIL. Capital Asset Fund balance as at Aug 31, 2016 increased by \$7,531,198 Revenue from contributions increased from \$181 to \$979,875 in 2016 Revenue from amortization of deferred contributions decreased by \$351,542 to \$NIL in 2016

We have lost some of the comparability between 2016 and 2017 due to changing our fiscal year end date and adopting the new accounting policies and financial statement presentation format. However, normalized revenues and expenses of the General Fund have both increased since 2016 as we have expanded our programs. 2017 ended with a surplus of \$537,620 for the General Fund.

The Capital Asset Fund now reports capital campaign contributions received in the year as revenue (as opposed to deferring them and amortizing them into revenue over time). 2017 ended with a surplus of \$86,762 for the Capital Asset Fund. In order to provide for the sustainability of our Houses, we transferred \$279,065 from the General Fund to the Capital Asset fund in 2017.

Net investment income for 2017 was \$216,632, which was allocated \$172,644 to the General Fund and \$43,988 to the Capital Asset Fund.

During 2017 we acquired \$181,070 of capital assets (2016 - \$1,398,557 including Windsor expansion).

On December 31, 2017 our investments had a fair market value of \$6,303,711 (\$4,823,124 of General Fund resources and \$1,480,587 of Capital Asset Fund resources). Our reserve study recommends we have at least \$1,216,952 in the Capital Asset Fund by the summer of 2018. RMHC Canada recommends that our General Fund balance should be two times our program expenses (approximately \$4,515,000). We are ahead of that target as at December 31, 2017, as our General Fund has a balance of \$5,464,096. However, using our 2018 budget for program expenses, we are on, or slightly below, the 2:1 target.

The return on our investments for 2017 was 6.07%. The 3-year return on our investments was 4.17% and the 5-year return was 5.20%.

I would like to thank all of the staff, board members and volunteers that helped us through this period of significant operational and financial transition. Our financial success in 2017 is a direct result of your tremendous efforts to support the families we serve.

I am truly grateful for the extra guidance and assistance we received this year with our adoption of the new accounting policies and financial reporting framework from our auditors Michael Watson, Adam Dennerley and their team at Davis Martindale.

Respectfully submitted,

Robert G. Sandford, CPA, CA
Treasurer

To review the Audited Financial Statements please visit
www.rmhc-swo.ca
Or contact Lisa Dahm at ldahm@rmhc-swo.ca



RMHC[®]
Southwestern Ontario

Three Programs - One Goal

Keeping Families Close



Ronald
McDonald
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Ronald
McDonald
Family
Room[®]
London



Ronald
McDonald
House[®]
Windsor



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Family Room®
LONDON



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WINDSOR

Board of Directors 2016-2017

Lou-Anne Farrell, President

Harry Van Bavel, Vice President

Anne McNeil, Vice President

Robert Sandford, Treasurer

Mike Barrett, Past President

Mick Malleck, Director

Laurie Gould, Director

Kelly Findlayson, Director

John Simioni, Director

Jon Williams, Director

Greg Marshall, Director

Carl Edwards, Director

Anitia Imperioli, Director

Noah Fullbright, Director

Patricia Hoffer, Director

Rob Reid, Director

Deepest Gratitude and Appreciation

Melissa Doyle - Photographer

Jaclyn Gillier – Graphic Designer

**Thanks to all of our incredible volunteers and chapter staff who
make a difference in the lives of families everyday.**

Award Recipients 2017

The Heart of the House



Laura DeSando
(London House)



Ghada Meddoui
(London Family Room)



Brenda Haesler
(Windsor House)

Champion of Honour



Micheal Barrett

Leader(s) of Distinction



Dave Strano



Micheal Malleck

Community Advocate



Sara Grace Donally



Team Harmony (London House)

London Health Sciences Dinner Program Teams:



SJHC Health Information Management Team, LHSC ITS, LHSC Finance, LHSC pathology, UH Pharmacy, LHSC Family Advisory Council and LHSC Medical Affairs

Team Harmony (Windsor House)



Beverly McGregor and Christine Latreille

Sue Taylor Booster Award



June Guyitt

Allison Twohey HooHah Award



Lynn Reilly from McDonalds in Kincardine

dedicated fundraiser thanks christmas fund bc children's hospital helped the best
genuine because of you awesome work helping
supporting the community food bank inspiring wonderful work
graciously st. john ambulance heart and soul coaches work greatest people
passion improve time teachers students help merci beaucoup
caring place community thank you world
great example senior homes saving lives a million thanks
contribute extracurricular activities special volunteers
thankful greatly appreciated better

Volunteer Service Awards 2017

1 Year Award Recipient

- Kelly Finlayson
- Beverly McGregor
- Brenda Haesler
- Christina Carter
- Christine Latreille
- Darlene Belanger
- Gloria Murphy
- Jacklyn Hurst
- Jessica Chee
- Kathy Parker
- Lorie Laforet
- Megan Kumm
- Pam Garrod
- Ron Bertolo
- Sue Denomy
- Sylvia Mousseau

3 Year Award Recipients

- Barb Mortley
- Dennis Westaway
- Gary Guyitt
- Julia Jones
- June Guyitt
- Kristina Bell
- Laura DeSando

5 Year Award Recipients

- Brenda O'Reilly-Brunelle
- Claudette MacDonald
- Elizabeth Peloza
- Jamie Asmussen
- Janine Easton
- Kristi Woolley
- Lesley Lightfoot
- Lesley Priestley
- Linda Sabourin
- Mary Roberts
- Samantha Parsons
- Tonette Zangari

10 Year Award Recipients

- Michael Barrett
- Linda Oliver

15 Year Award Recipient

- Sharon Wimperis



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

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2017



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

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DECEMBER 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Directors of:
Southwestern Ontario Childrens Care Inc.

We have audited the accompanying financial statements of Southwestern Ontario Childrens Care Inc., which comprise the statement of financial position as at December 31, 2017 and the statement of operations and changes in fund balances, statement of functional expenses and statement of cash flows for the sixteen month period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualification

In common with many not-for-profit organizations, the organization derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of donations and fundraising in the sixteen month fiscal period ending December 31, 2017 was limited to the amounts recorded in the records of the organization. Accordingly, we were unable to determine whether any adjustments for unrecorded amounts might be necessary to revenues, excess or deficiency of revenues over expenditures and fund balances.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualification paragraph, the financial statements present fairly, in all material respects, the financial position of Southwestern Ontario Childrens Care Inc. as at December 31, 2017 and its financial performance and its cash flows for the sixteen month period then ended in accordance with Canadian accounting standards for not-for-profit organizations.

London, Ontario
April 9, 2018

Davis Martindale LLP

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, 2017

ASSETS

	December 31, 2017	August 31, 2016 <small>(note 12, 13)</small>
Current Assets		
Cash	\$ 694,482	\$ 473,773
Accounts receivable	151,695	239,634
Prepaid expenses and other assets	<u>18,150</u>	<u>23,378</u>
	864,327	736,785
Investments (note 3)	6,303,711	5,510,300
Capital assets, net (note 4)	<u>7,836,378</u>	<u>8,152,426</u>
	<u><u>\$15,004,416</u></u>	<u><u>\$14,399,511</u></u>

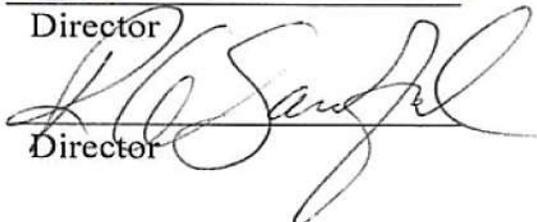
LIABILITIES AND FUND BALANCES

Current Liabilities		
Accounts payable and accrued liabilities	\$ 103,313	\$ 91,368
Government remittances payable	108,087	65,303
Deferred contributions (note 5)	<u>11,955</u>	<u>86,161</u>
	<u>223,355</u>	<u>242,832</u>
Commitments (note 7)		
Fund Balances		
General fund	5,464,096	5,205,541
Capital asset fund (note 8)	<u>9,316,965</u>	<u>8,951,138</u>
	<u>14,781,061</u>	<u>14,156,679</u>
	<u><u>\$15,004,416</u></u>	<u><u>\$14,399,511</u></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 SIXTEEN MONTH PERIOD ENDED DECEMBER 31, 2017

	<u>General</u>		<u>Capital Asset</u>		<u>Total</u>	
	December 31, 2017	August 31, 2016 (note 13)	December 31, 2017	August 31, 2016 (note 12, 13)	December 31, 2017	August 31, 2016 (note 12, 13)
Revenues and Other Support						
Contributions	\$ 1,735,569	\$ 1,019,897	\$ 539,891	\$ 979,875	\$ 2,275,460	\$ 1,999,772
Fundraising activities	924,181	471,434	-	-	924,181	471,434
RMH room donations/fees	701,827	330,333	-	-	701,827	330,333
Other revenues	<u>12,402</u>	<u>4,605</u>	<u>-</u>	<u>-</u>	<u>12,402</u>	<u>4,605</u>
	<u>3,373,979</u>	<u>1,826,269</u>	<u>539,891</u>	<u>979,875</u>	<u>3,913,870</u>	<u>2,806,144</u>
Expenses						
Program	2,120,864	1,290,542	497,117	459,834	2,617,981	1,750,376
Management and general	365,705	154,616	-	-	365,705	154,616
Fundraising	<u>522,434</u>	<u>269,798</u>	<u>-</u>	<u>-</u>	<u>522,434</u>	<u>269,798</u>
	<u>3,009,003</u>	<u>1,714,956</u>	<u>497,117</u>	<u>459,834</u>	<u>3,506,120</u>	<u>2,174,790</u>
Excess of operating revenues over expenses	364,976	111,313	42,774	520,041	407,750	631,354
Investment income, net (note 3)	<u>172,644</u>	<u>397,157</u>	<u>43,988</u>	<u>44,073</u>	<u>216,632</u>	<u>441,230</u>
Excess of revenues over expenses	<u>\$ 537,620</u>	<u>\$ 508,470</u>	<u>\$ 86,762</u>	<u>\$ 564,114</u>	<u>\$ 624,382</u>	<u>\$ 1,072,584</u>
Fund Balances, beginning of period	\$ 5,205,541	\$ 4,770,535	\$ 1,419,940	\$ 1,400,048	\$ 6,625,481	\$ 6,170,583
Adjustment (note 12)	<u>-</u>	<u>-</u>	<u>7,531,198</u>	<u>6,913,512</u>	<u>7,531,198</u>	<u>6,913,512</u>
Revised Balances, beginning of period	5,205,541	4,770,535	8,951,138	8,313,560	14,156,679	13,084,095
Excess of revenues over expenses	537,620	508,470	86,762	564,114	624,382	1,072,584
Transfers between funds (note 9)	<u>(279,065)</u>	<u>(73,464)</u>	<u>279,065</u>	<u>73,464</u>	<u>-</u>	<u>-</u>
Fund balances, end of period	<u>\$ 5,464,096</u>	<u>\$ 5,205,541</u>	<u>\$ 9,316,965</u>	<u>\$ 8,951,138</u>	<u>\$ 14,781,061</u>	<u>\$ 14,156,679</u>

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

SCHEDULE 1 - STATEMENT OF FUNCTIONAL EXPENSES

FOR THE SIXTEEN MONTH PERIOD ENDED DECEMBER 31, 2017

	Ronald McDonald House (London)	Ronald McDonald House (Windsor)	Ronald McDonald Family Room	Total Program Services	<u>Supporting Services</u>		Total Expenses
					<u>Management and General</u>	<u>Fundraising</u>	
Salaries	\$ 790,563	\$ 441,357	\$ 111,601	\$1,343,521	\$ 180,529	\$ 462,758	\$1,986,808
Amortization of capital assets	328,113	141,156	27,848	497,117	-	-	497,117
Advertising	-	-	-	-	27,785	13,287	41,072
Education, training and meetings	12,896	4,198	175	17,269	9,898	7,082	34,249
Family support services and supplies	161,055	28,956	8,997	199,008	-	-	199,008
Maintenance and repairs	265,056	-	-	265,056	-	-	265,056
Office supplies	3,931	1,965	-	5,896	35,646	26,794	68,336
Professional fees	-	-	-	-	82,961	-	82,961
Travel, meal and entertainment costs	15,611	9,630	176	25,417	28,886	12,513	66,816
Utilities	148,787	625	-	149,412	-	-	149,412
Volunteer resources and recognition	7,795	3,898	7,795	19,488	-	-	19,488
Other expenses	<u>95,797</u>	<u>-</u>	<u>-</u>	<u>95,797</u>	<u>-</u>	<u>-</u>	<u>95,797</u>
Total Expenses	<u>\$1,829,604</u>	<u>\$ 631,785</u>	<u>\$ 156,592</u>	<u>\$2,617,981</u>	<u>\$ 365,705</u>	<u>\$ 522,434</u>	<u>\$3,506,120</u>

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

SCHEDULE 2 - STATEMENT OF FUNCTIONAL EXPENSES
FOR THE TWELVE MONTH PERIOD ENDED AUGUST 31, 2016

	Ronald McDonald House (London)	Ronald McDonald House (Windsor)	Ronald McDonald Family Room	Total Program Services	Supporting Services		Total Expenses
					Management and General	Fundraising	
Salaries	\$ 595,841	\$ 116,873	\$ 53,326	\$ 766,040	\$ 70,091	\$ 260,115	\$1,096,246
Amortization of capital assets	361,111	70,694	27,848	459,653	-	-	459,653
Advertising	-	-	1,414	1,414	29,391	-	30,805
Education, training and meetings	17,151	-	-	17,151	-	-	17,151
Family support services and supplies	92,904	31,286	6,549	130,739	-	-	130,739
Maintenance and repairs	150,381	-	-	150,381	-	-	150,381
Office supplies	-	-	-	-	13,972	9,502	23,474
Printing costs	-	-	-	-	-	181	181
Professional fees	-	-	-	-	34,815	-	34,815
Travel, meal and entertainment costs	26,866	-	-	26,866	6,347	-	33,213
Utilities	113,060	2,233	-	115,293	-	-	115,293
Volunteer resources and recognition	11,807	-	-	11,807	-	-	11,807
Other expenses	<u>71,032</u>	<u>-</u>	<u>-</u>	<u>71,032</u>	<u>-</u>	<u>-</u>	<u>71,032</u>
Total Expenses	\$1,440,153	\$ 221,086	\$ 89,137	\$1,750,376	\$ 154,616	\$ 269,798	\$2,174,790

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

STATEMENT OF CASH FLOWS

FOR THE SIXTEEN MONTH PERIOD ENDED DECEMBER 31, 2017

	December 31, 2017	August 31, 2016 (note 12, 13)
Operating Activities		
Excess of revenues over expenses for the period		
General fund	\$ 537,620	\$ 508,470
Capital asset fund	<u>86,762</u>	<u>564,114</u>
	<u>624,382</u>	<u>1,072,584</u>
Add (deduct) items not involving cash		
Amortization of capital assets	497,117	459,653
Realized gain on sale of investments	(112,631)	(128,016)
Unrealized loss (gain) on investments	<u>19,062</u>	<u>(228,916)</u>
	1,027,930	1,175,305
Net change in non-cash working capital balances related to operations:		
Accounts receivable	87,940	(116,926)
Prepaid expenses and other assets	5,223	(5,697)
Accounts payable and accrued liabilities	11,949	34,811
Government remittances payable	42,784	(6,057)
Deferred contributions	<u>(74,206)</u>	<u>86,161</u>
Cash Provided by Operating Activities	1,101,620	1,167,597
Cash Flows from Investing Activities		
Purchases of investments, net of sales	(368,800)	(926,020)
Purchases of capital assets	<u>(181,070)</u>	<u>(1,398,557)</u>
Net Cash Used In Investing Activities	<u>(549,870)</u>	<u>(2,324,577)</u>
Net Increase (Decrease) in Cash During the Period	551,750	(1,156,980)
Cash, Beginning of Period	<u>749,509</u>	<u>1,906,489</u>
Cash, End of Period	\$ <u>1,301,259</u>	\$ <u>749,509</u>
Cash is Comprised as Follows:		
Operating cash	\$ 694,482	\$ 473,773
Investment cash (note 3)	<u>606,777</u>	<u>275,736</u>
	\$ <u>1,301,259</u>	\$ <u>749,509</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 SIXTEEN MONTH PERIOD ENDED DECEMBER 31, 2017

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 14 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, 13 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.

We fulfill our mission through operation of sustainable programs that enable family-centered 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

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 program(s) located in London and Windsor, Ontario, which provide temporary lodging, meals 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 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 program(s) in the Children's Hospital at 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.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIXTEEN MONTH PERIOD ENDED DECEMBER 31, 2017

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, 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 Restricted fund reports resources that are used for specific purposes as specified by the donor or the Board of Trustees (the "Board"). Any funds internally restricted by the Board are recorded through a transfer to the respective fund.

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

(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. Revenue from room payments is recognized as revenue in the General fund on an accrual basis when the amount to be received can be reasonably estimated and collection is reasonably assured.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIXTEEN MONTH PERIOD ENDED DECEMBER 31, 2017

2. Significant Accounting Policies (continued)

(c) Revenue recognition (continued)

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 balance sheets. 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 and accounts payable, are initially recorded at their fair value and are subsequently measured amortized cost, net of any provisions for impairment.

(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.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIXTEEN MONTH PERIOD ENDED DECEMBER 31, 2017

2. Significant Accounting Policies (continued)

(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.

Land	NIL
Building	40 years
Furniture, fixtures, equipment	5 years
Automobile	5 years
Computer hardware	3 years
Computer software	3 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. Investments

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

	December 31, 2017	August 31, 2016 (note 13)
Investment income (expense) consists of the following:		
Interest, dividends and other	\$ 152,670	\$ 89,166
Realized gains on sale of investments	112,631	128,016
Management fees	<u>(29,607)</u>	<u>(4,868)</u>
	<u>235,694</u>	<u>89,948</u>
Unrealized gain (loss) on investments	(7,748)	217,722
Unrealized foreign exchange gain (loss)	<u>(11,314)</u>	<u>11,194</u>
	<u>(19,062)</u>	<u>228,916</u>
	<u>\$ 216,632</u>	<u>\$ 441,230</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 SIXTEEN MONTH PERIOD ENDED DECEMBER 31, 2017

3. Investments (continued)

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

	December 31, 2017			August 31, 2016		
	General Fund	Capital Fund	Total	General Fund	Capital Fund	Total (note 13)
Cash	\$ 464,260	\$ 142,517	\$ 606,777	\$ 218,860	\$ 56,876	\$ 275,736
Fixed Income						
Canadian Bonds	2,542,537	780,500	3,323,037	2,659,756	691,202	3,350,958
Equities						
Canadian	1,255,500	385,409	1,640,909	880,381	228,788	1,109,169
United States of America	450,837	138,397	589,234	520,636	135,300	655,936
Other international	109,990	33,764	143,754	94,058	24,443	118,501
	<u>1,816,327</u>	<u>557,570</u>	<u>2,373,897</u>	<u>1,495,075</u>	<u>388,531</u>	<u>1,883,606</u>
	<u>\$4,823,124</u>	<u>\$1,480,587</u>	<u>\$6,303,711</u>	<u>\$4,373,691</u>	<u>\$1,136,609</u>	<u>\$5,510,300</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 SIXTEEN MONTH PERIOD ENDED DECEMBER 31, 2017

4. Capital Assets

Capital assets consist of the following:

	Cost	2017 Accumulated Amortization	Net Book Value
Building	\$ 8,532,997	\$ 2,104,729	\$ 6,428,268
Ronald McDonald Family Room	278,478	153,163	125,315
Parking lot	10,661	1,599	9,062
Furniture, fixtures, equipment	1,264,430	1,109,404	155,026
Automobile	59,349	49,073	10,276
Computer hardware	137,917	113,043	24,874
Computer software	47,214	21,483	25,731
Ronald McDonald House Windsor	<u>1,243,872</u>	<u>186,046</u>	<u>1,057,826</u>
	<u>\$ 11,574,918</u>	<u>\$ 3,738,540</u>	<u>\$ 7,836,378</u>

	Cost	August 31, 2016 (note 12) Accumulated Amortization	Net Book Value
Building	\$ 8,488,356	\$ 1,891,963	\$ 6,596,393
Ronald McDonald Family Room	278,478	125,315	153,163
Parking lot	10,661	533	10,128
Furniture, fixtures, equipment	1,161,923	1,028,513	133,410
Automobile	59,349	37,203	22,146
Computer hardware	115,003	89,128	25,875
Computer software	40,842	6,807	34,035
Ronald McDonald House Windsor	<u>1,239,236</u>	<u>61,960</u>	<u>1,177,276</u>
	<u>\$ 11,393,848</u>	<u>\$ 3,241,422</u>	<u>\$ 8,152,426</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 SIXTEEN MONTH PERIOD ENDED DECEMBER 31, 2017

5. Deferred Contributions

Deferred contributions represent unspent resources externally restricted for program expenses in future years for which a corresponding fund does not exist. Changes in the deferred contributions balance are as follows:

	December 31, 2017	August 31, 2016 (note 13)
Balance, beginning of the period:	\$ 86,161	\$ -
Amount received during the period	11,955	1,039,101
Amount recognized as revenue during the period	<u>86,161</u>	<u>952,940</u>
Balance, end of period	<u>\$ 11,955</u>	<u>\$ 86,161</u>

6. 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 (2016 - \$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.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIXTEEN MONTH PERIOD ENDED DECEMBER 31, 2017

7. 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 with the London hospital whereby the Organization leases space within the hospital for \$NIL consideration. The initial term of the lease ends in 2021.

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. The initial term of the lease ends in 2026.

8. Capital Asset Fund

The Capital asset fund balance consists of the following:

	December 31, 2017	August 31, 2016	(note 12, 13)
Investments	\$ 1,480,587	\$ 1,136,609	
Capital assets (note 4)	<u>7,836,378</u>	<u>8,152,426</u>	
	9,316,965	9,289,035	
Less amounts financed by:			
Due to General fund	<u>-</u>	<u>(337,897)</u>	
Balance, end of period	<u>\$ 9,316,965</u>	<u>\$ 8,951,138</u>	

During the period, there were transfers made by the General fund to the Capital Asset fund in the amount of \$279,065 (2016 - \$73,464).

9. Interfund Transfers

Transfers between funds during the period consist of the following:

	General Fund		Capital Asset Fund	
	December 31, 2017	August 31, 2016	December 31, 2017	August 31, 2016
Other transfers approved by the Board	\$ <u>(279,065)</u>	\$ <u>(73,464)</u>	\$ <u>279,065</u>	\$ <u>73,464</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIXTEEN MONTH PERIOD ENDED DECEMBER 31, 2017

10. 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. 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, Bowlathon, and Red Shoe Society Events.

	December 31, 2017	August 31, 2016 (note 13)
Revenues	\$ 410,312	\$ 360,779
Expenses	<u>(156,854)</u>	<u>(128,688)</u>
Net proceeds	253,458	232,091
Other events net proceeds	<u>93,691</u>	<u>115,756</u>
Total income recognized from fundraising events	<u>\$ 347,149</u>	<u>\$ 347,847</u>

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 McDonald's Corporation and Ronald McDonald House Charities, Inc. 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 sixteen month period ended December 31, 2017, the Organization received from Ronald McDonald House Charities, Inc. \$577,033 (2016 - \$123,587); and the Organization received \$535,607 (2016 - \$185,918) from Ronald McDonald House Charities, Canada.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIXTEEN MONTH PERIOD ENDED DECEMBER 31, 2017

12. Change to Accounting Policy

Effective September 1, 2016, the organization adopted the straight line method of amortization from the declining balance method of amortization, and the restricted fund method of accounting for contributions from the deferred method under the Canadian accounting standards for not-for-profit organizations. The change in accounting policies have been applied retrospectively.

The adoption of the new accounting policies resulted in adjustments to the previously reported assets, fund balances, and net revenues over expenditures of the organization.

(a) The effect of adopting the accounting policies retrospectively on the Statement of Financial Position as at August 31, 2016 are as follows:

- i) Capital assets, net has increased by \$94,595;
- ii) Deferred contributions has changed from \$7,436,603 to \$NIL; and
- iii) Capital Fund balance has increased by \$7,531,198.

(b) The effect of adopting the accounting policies retrospectively on the Statement of Operations and Changes in Fund Balances for the twelve month period ended August 31, 2016 are as follows:

- i) Contributions received in the year and recognized as revenue increased from \$181 to \$979,875;
- ii) Revenue from amortization of deferred contributions has decreased by \$351,542;
- iii) Amortization expense has increased by \$10,466; and
- iv) Excess (deficiency) of revenues over expenses in the Capital Asset Fund has increased from \$(53,572) to \$564,114.

13. Comparative Figures

The comparative figures presented in these financial statements are for the twelve month period ending August 31, 2016. The current figures are for the sixteen month period ending December 31, 2017.

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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