

**Southwestern Ontario Childrens Care Inc
(o/a Ronald McDonald House Charities Southwestern Ontario)
Financial Statements**

December 31, 2021

Southwestern Ontario Childrens Care Inc
(o/a Ronald McDonald House Charities Southwestern Ontario)
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For the year ended December 31, 2021

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

Qualified Opinion

We have audited the financial statements of Southwestern Ontario Childrens Care Inc (the "Organization"), which comprise the statement of financial position as at December 31, 2021, 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, 2021, 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, 2021 and December 31, 2020, current assets and fund balances as at December 31, 2021 and December 31, 2020.

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.

Other Matter

The financial statements of the Organization for the year ended December 31, 2020 were audited by another auditor who expressed a qualified opinion on those financial statements on March 23, 2021.

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

April 28, 2022

Chartered Professional Accountants

Licensed Public Accountants

Southwestern Ontario Children's Care Inc.
Statement of Financial Position

As at December 31, 2021

	General Fund	Capital Fund	Restricted Fund	Total 2021	Total 2020
Assets					
Current					
Cash	\$ 1,525,253	\$ -	\$ 1,608,347	\$ 3,133,600	\$ 2,598,861
Accounts receivable	57,685	-	-	57,685	50,475
Prepays expenses and other assets	24,648	-	-	24,648	22,588
Wage subsidy receivable	-	-	-	-	11,770
Government remittances receivable	-	-	-	-	140
Short-term investments	763,710	-	-	763,710	1,108,871
	2,371,296	-	1,608,347	3,979,643	3,792,705
Long-term assets					
Investments	6,411,374	-	-	6,411,374	5,190,679
Capital assets, net (note 7)	-	7,205,633	-	7,205,633	7,184,423
Intangible assets, net (note 8)	-	15,071	-	15,071	-
Cash surrender value of life insurance	15,330	-	-	15,330	-
	\$ 8,798,000	\$ 7,220,704	\$ 1,608,347	\$ 17,627,051	\$ 16,167,807

Liabilities

Current

Accounts payable and accrued liabilities	\$ 155,246	\$ -	\$ -	\$ 155,246	\$ 167,852
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Commitments (note 9)

Significant events (note 14)

Fund balances

Fund Balance, End of Year (note 12)	\$ 8,642,754	\$ 7,220,704	\$ 1,608,347	\$ 17,471,805	\$ 15,999,955
	\$ 8,798,000	\$ 7,220,704	\$ 1,608,347	\$ 17,627,051	\$ 16,167,807

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, 2021

	General Fund		Capital Fund		Restricted Fund		Total
	2021	2020	2021	2020 (Note 2)	2021	2020 (Note 2)	
Revenue							
Contributions	\$ 1,869,471	\$ 1,690,799	\$ -	\$ -	\$ 574,645	\$ 310,488	\$ 2,444,116
Fundraising activities	989,130	844,274	-	-	-	-	989,130
Grants	488,146	392,542	-	-	1,062	-	489,208
Guest room accommodations	83,625	54,391	-	-	-	-	83,625
Other	26,186	4,205	-	-	-	-	26,186
Total Revenue	3,456,558	2,986,211	-	-	575,707	310,488	4,032,265
Expenses							
Program services	1,889,280	1,817,237	560,951	563,837	174,155	-	2,624,386
Management and general	321,832	464,686	-	-	-	16,628	481,314
Fundraising	610,520	649,501	-	-	2,224	-	612,744
Total Expenses	2,821,632	2,931,424	560,951	563,837	176,379	16,628	3,558,962
Excess (deficiency) of operating revenue over expenses	634,926	54,787	(560,951)	(563,837)	399,328	293,860	473,303
Investment income (note 4)	774,933	602,486	-	-	45	68,372	774,978
Canada Emergency Wage Subsidy (note 5)	223,569	629,385	-	-	-	-	223,569
Excess (deficiency) of revenue over expenses	\$ 1,633,428	\$ 1,286,658	\$ (560,951)	\$ (563,837)	\$ 399,373	\$ 362,232	\$ 1,471,850
Fund balance, beginning of year	7,081,456	5,794,798	7,184,423	9,120,104	1,734,076	-	15,999,955
Change in accounting policy (note 2)	-	-	-	(1,494,949)	-	1,494,949	-
Transfers between funds (note 6)	(72,130)	-	597,232	123,105	(525,102)	(123,105)	-
Fund balance, end 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

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, 2021

	Ronald McDonald House (London)		Ronald McDonald House (Windsor)		Ronald McDonald Family Room		Total Program Services	Management and General	Support Services		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.
Schedule 2 - Statement of Functional Expenses

For the year ended December 31, 2020

	Ronald McDonald House (London)		Ronald McDonald House (Windsor)		Ronald McDonald Family Room		Total Program Services	Support Services		Total Support Services	Total Expenses	
								Management and General	Fundraising			
Advertising and promotion	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 141,535	\$ 141,535
Amortization	526,012	30,947	6,877	563,836	-	-	-	-	-	-	563,836	563,836
Direct mail	-	-	-	-	-	-	-	9,116	-	9,116	9,116	9,116
Donor recognition	-	-	-	-	-	-	-	6,676	-	6,676	6,676	6,676
Family support services and supplies	106,603	6,571	2,830	116,004	-	-	-	-	-	-	116,004	116,004
Insurance	-	-	-	-	-	-	2,764	-	-	2,764	2,764	2,764
Investment management fees	-	-	-	-	-	-	64,685	-	-	64,685	64,685	64,685
IT Support	39,044	25	-	39,069	-	-	56,391	11,040	-	67,431	106,500	106,500
Maintenance and repairs	307,233	102,692	525	410,450	-	-	-	-	-	-	410,450	410,450
Education, training and meetings	966	568	-	1,534	-	-	11,156	1,231	-	12,387	13,921	13,921
Office supplies	9,022	1,582	335	10,939	-	-	35,241	3,707	-	38,948	49,887	49,887
Postage and courier	-	-	-	-	-	-	2,588	11,586	-	14,174	14,174	14,174
Professional fees	-	-	-	-	-	-	22,709	25,000	-	47,709	47,709	47,709
Salaries	637,118	357,394	125,910	1,120,422	-	-	276,845	436,352	-	713,197	1,833,619	1,833,619
Travel, meals and entertainment	966	2,242	-	3,208	-	-	8,935	2,468	-	11,403	14,611	14,611
Utilities	103,294	-	-	103,294	-	-	-	-	-	-	103,294	103,294
Volunteer recognition	5,337	2,327	4,654	12,318	-	-	-	790	-	790	13,108	13,108
Total Expenses	\$ 1,735,595	\$ 504,348	\$ 141,131	\$ 2,381,074	\$ 481,314	\$ 649,501	\$ 1,130,815	\$ 3,511,889				

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, 2021

	2021	2020
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenues over expenses on fund operations	1,471,850	1,085,053
Items not affecting cash		
Amortization	560,951	563,837
Realized gain on sale of investments	(140,108)	(48,059)
Unrealized gain on investments	(458,954)	(402,085)
Increase in cash surrender value of life insurance	(15,330)	-
	1,418,409	1,198,746
Changes in working capital accounts		
Decrease in accounts receivable	4,700	44,440
Increase in prepaid expenses and other assets	(2,060)	(2,659)
Decrease (increase) in accounts payable and accrued liabilities	(12,606)	2,474
Increase in government remittances payable/receivable	-	(2,032)
Decrease in deferred contributions	-	(6,535)
	1,408,443	1,234,434
Investing		
Net change in investments	(276,472)	(30,903)
Purchases of capital assets	(582,161)	(123,116)
Purchases of intangible assets	(15,071)	-
	(873,704)	(154,019)
Increase (decrease) in cash resources	534,739	1,080,415
Cash resources, beginning of year	2,598,861	1,518,446
Cash resources, end of year	\$ 3,133,600	\$ 2,598,861
Cash resources are comprised of:		
General Fund	\$ 1,525,253	\$ 864,785
Restricted Fund	1,608,347	1,734,076
	\$ 3,133,600	\$ 2,598,861

The accompanying notes are an integral part of these financial statements

Southwestern Ontario Childrens Care Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

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.

2. Change in accounting policies

Effective January 1, 2021, the Organization changed its policy for fund accounting to separate the capital asset fund into a capital asset fund and restricted fund to better identify the amount of restricted funding on hand. The change was applied retrospectively, and the prior period has been restated. The impact of this change in accounting policy was to reallocate the following amounts from the capital fund to the restricted fund:

- Contributions of \$310,488
- Investment income of \$68,372
- Investment management fees of \$16,628
- Opening fund balance of \$1,494,949
- Cash of \$1,734,076
- Funds of \$123,105 were transferred to the capital fund from the restricted fund

Southwestern Ontario Childrens Care Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

3. 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 Childrens Care Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

3. **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 \$11,236. 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.

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.

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.

Southwestern Ontario Childrens Care Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

3. Significant accounting policies (continued from previous page)

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.

4. 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%.

	<u>2021</u>	<u>2020</u>
Investment income (expense) consists of the following:		
Interest, dividends and other	\$ 175,916	\$ 220,714
Realized gains on sale of investments	140,108	48,059
	316,024	268,773
Unrealized gain on investments	350,361	405,802
Foreign exchange gain (loss)	108,593	(3,717)
	458,954	402,085
Total Investment Income	\$ 774,978	\$ 670,858
General Fund	\$ 774,933	\$ 602,486
Restricted Fund	45	68,372
Total	\$ 774,978	\$ 670,858

5. Government assistance

During the year, the Organization received government assistance related to COVID-19.

The Canada Emergency Wage Subsidy ("CEWS") is available to certain eligible employers who have experienced a decline in eligible revenue compared to a previous period (baseline revenue). Employers may be eligible to receive a wage subsidy if they meet certain criteria as determined by the Federal Government of Canada. The Organization applied for \$223,569 (2020 - \$629,385) in Canada Emergency Wage Subsidy (CEWS) relating to the impact of COVID-19.

Southwestern Ontario Childrens Care Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

6. Interfund transfers

The Organization transfers funds to the capital asset fund to fund purchases of capital assets. During the year, \$525,102 of capital asset purchases were funded by the restricted fund (\$123,105 in 2020) and \$72,130 of capital asset were funded through the general fund (\$NIL in 2020).

7. Capital assets

	2021		2020	
	<i>Cost</i>	<i>Accumulated amortization</i>	<i>Net</i>	<i>Net</i>
Automobiles	\$ 31,638	\$ 31,638	\$ -	\$ -
Buildings – Ronald McDonald House London	9,221,242	2,978,963	6,242,279	6,033,963
Computer hardware	177,855	160,105	17,750	35,629
Computer software	47,567	47,391	176	294
Furniture, fixtures, equipment	991,075	650,615	340,460	371,014
Leasehold – Ronald McDonald Family Room	303,827	267,424	36,403	48,581
Leasehold – Ronald McDonald House Windsor	1,248,194	684,427	563,767	689,078
Parking lot	10,661	5,863	4,798	5,864
	\$ 12,032,059	\$ 4,826,426	\$ 7,205,633	\$ 7,184,423

Amortization of \$560,951 (2020 - \$563,837) was recorded on the equipment for the year.

8. Intangible assets

	2021		2020	
	<i>Cost</i>	<i>Accumulated amortization</i>	<i>Net</i>	<i>Net</i>
Website	\$ 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 2021.

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 ends on May 30th, 2022.

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

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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.

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.

	<u>2021</u>	<u>2020</u>
Cash	\$ 828,105	\$ 213,993
Investments	\$ 1,328,149	\$ 1,219,556

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, 2021, the Organization received from local McDonalds Restaurants via RMHC Canada \$235,663 (2020 - \$314,898); and the Organization received \$404,650 from RMHC Canada and \$246,342 from RHMC Global (Total \$650,992) (2020 - \$459,830). Additionally, the Organization made payments to RMHC Canada of \$45,678 for the National Partnership Program (NPP). In 2020, the decision was made to extend the NPP program for an additional 3 years due to the success of this collaborative approach for Canadian Chapters. In 2021 the NPP will move to be a self-funded model using a mission proportionate model. For Southwestern Ontario Childrens Care Inc. this will translate to sharing 7.8% of the program costs.

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12. Restricted fund

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

	2021	2020
RMH London	\$ 7,524	\$ -
RMH Windsor	-	3,326
RMH Family Room – London	11,115	-
Pay it Forward – RMH London	1,000	-
Fynn & Friends Den (Annual Refresh London)	17,866	39,919
Room Expansion (Mini London)	134,779	254,768
New Build - London	1,436,063	1,436,063
	\$ 1,608,347	\$ 1,734,076

13. Comparative amounts

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year excess of revenue over expenses.

14. Significant event

During the year there was an ongoing global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses and charities through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on businesses and charities like the Organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. To address the pandemic the Organization has held its fundraising events virtually which has resulted in increased outreach and reduced costs.