



Financial Statements

Toronto Children's Care Inc.

December 31, 2020

Independent auditor's report

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To the Board of Directors of **Toronto Children's Care Inc.**

Opinion

We have audited the financial statements of **Toronto Children's Care Inc.** (the "Organization"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations and changes in fund balances, functional expenses and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Toronto Children's Care Inc. as at December 31, 2020, 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 opinion

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

Responsibilities of management and those charged with governance for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to a 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 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.



Toronto, Canada
March 25, 2021

Chartered Professional Accountants
Licensed Public Accountants

Toronto Children's Care Inc.
STATEMENT OF FINANCIAL POSITION

Year ended December 31

	2020 \$	2019 \$
ASSETS		
Current assets		
Cash and cash equivalents	3,275,717	1,535,206
Accounts receivable	295,340	116,640
Prepaid expenses and other assets	106,774	77,280
Total current assets	3,677,831	1,729,126
Investments (Note 3)	21,911,837	20,336,100
Capital assets, net (Note 4)	26,147,750	26,868,598
Total assets	51,737,418	48,933,824
LIABILITIES AND FUND BALANCES		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	420,030	377,957
Deferred contributions (Note 6)	37,312	24,441
Current portion of other long-term debt (Note 7)	81,210	81,210
Total current liabilities	538,552	483,608
Other long-term debt (Note 7)	78,319	159,529
Total liabilities	616,871	643,137
FUND BALANCES		
General fund	2,187,301	1,029,800
Internally restricted fund (Note 8)	22,785,496	20,392,289
Capital asset fund	26,147,750	26,868,598
Total fund balances	51,120,547	48,290,687
Total liabilities and fund balances	51,737,418	48,933,824

On behalf of the Board:

_____ Director _____ Director

See accompanying notes to the financial statements.

Toronto Children's Care Inc.

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

Year ended December 31

	<u>General Fund</u>		<u>Internally Restricted Fund</u>		<u>Capital Asset Fund</u>		<u>Externally Restricted Fund</u>		<u>Total</u>	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUES AND OTHER SUPPORT										
Contributions	5,131,208	5,177,912	-	-	-	-	150,000	150,000	5,281,208	5,327,912
Fundraising activities/events	385,711	726,414	-	-	-	-	-	-	385,711	726,414
RMH room donations/fees	178,713	339,385	-	-	-	-	-	-	178,713	339,385
Other revenues	166,740	94	-	-	-	-	-	-	166,740	94
Government grant -wages (Note 9)	1,445,252	-	-	-	-	-	-	-	1,445,252	-
Investment income, net (Note 3)	-	-	779,661	485,248	-	-	-	-	779,661	485,248
Total revenues and other support	7,307,624	6,243,805	779,661	485,248	-	-	150,000	150,000	8,237,285	6,879,053
EXPENSES										
Program	3,843,562	3,604,391	-	-	954,783	923,109	150,000	150,000	4,948,345	4,677,500
Management and general	704,234	598,288	-	-	-	-	-	-	704,234	598,288
Fundraising	1,303,206	1,171,355	-	-	-	-	-	-	1,303,206	1,171,355
Cost of direct benefits to donors	65,186	166,459	-	-	-	-	-	-	65,186	166,459
Total expenses	5,916,188	5,540,493	-	-	954,783	923,109	150,000	150,000	7,020,971	6,613,602
Excess of operating revenues over expenses (expenses over revenues)	1,391,436	703,312	779,661	485,248	(954,783)	(923,109)	-	-	1,216,314	265,451
Realized or unrealized gains (Note 3)	-	-	1,613,546	947,997	-	-	-	-	1,613,546	947,997
Excess of revenues over expenses (expenses over revenues)	1,391,436	703,312	2,393,207	1,433,245	(954,783)	(923,109)	-	-	2,829,860	1,213,448
Fund balances, beginning of year	1,029,800	589,443	20,392,289	18,959,044	26,868,598	27,528,752	-	-	48,290,687	47,077,239
Transfers between funds (Note 11)	(233,935)	(262,955)	-	-	233,935	262,955	-	-	-	-
Fund balances, end of year	2,187,301	1,029,800	22,785,496	20,392,289	26,147,750	26,868,598	-	-	51,120,547	48,290,687

See accompanying notes to the financial statements.

Toronto Children's Care Inc.
STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2020

	Program Services				Supporting Services			2020	2019
	Ronald McDonald House	Ronald McDonald Family Room	Other Program Services	Total Program Services	Management and General	Fundraising	Cost of Direct Benefits to Donors	Total Expenses	Total Expenses
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Salaries	1,769,497	735,055	-	2,504,552	434,509	965,232	-	3,904,293	3,917,131
Employee benefits	22,987	4,597	-	27,584	22,987	26,052	-	76,623	53,625
Employment payroll taxes	24,333	7,945	-	32,278	5,959	11,422	-	49,659	57,595
Amortization of capital assets	774,839	164,393	-	939,232	-	-	-	939,232	923,109
Advertising	-	-	-	-	-	16,818	-	16,818	-
Cleaning service and supplies	51,500	-	-	51,500	-	-	-	51,500	61,289
Donor recognition	-	-	-	-	-	-	65,186	65,186	166,459
Education, training and meetings	6,958	530	-	7,488	5,796	13,806	-	27,090	64,030
Family support services and supplies	354,208	-	-	354,208	-	-	-	354,208	90,058
Insurance	-	-	-	-	38,526	-	-	38,526	40,479
Interest and bank charges	-	-	-	-	33,646	-	-	33,646	15,220
Linens and laundry	3,828	-	-	3,828	-	-	-	3,828	4,061
Maintenance and repairs	304,391	8,121	-	312,512	-	-	-	312,512	247,382
Office supplies	25,131	8,521	-	33,652	13,188	10,973	-	57,813	52,603
Postage and courier	1,296	-	-	1,296	1,547	4,278	-	7,121	17,701
Printing costs	-	-	-	-	-	90,447	-	90,447	45,760
Professional fees	133,371	-	-	133,371	82,817	59,882	-	276,070	171,870
Technology and telephone	270,399	3,679	-	274,078	33,488	45,632	-	353,198	257,757
Travel, meal and entertainment costs	277	4,302	-	4,579	3,136	1,017	-	8,732	21,131
Utilities	246,033	-	-	246,033	-	-	-	246,033	297,380
Vehicle expense	-	-	-	-	-	-	-	-	160
Volunteer resources and recognition	6,603	-	-	6,603	13,766	-	-	20,369	17,634
Other expenses	15,551	-	-	15,551	14,869	57,647	-	88,067	91,168
Total Expenses	4,011,202	937,143	-	4,948,345	704,234	1,303,206	65,186	7,020,971	6,613,602

See accompanying notes to the financial statements.

Toronto Children's Care Inc.
STATEMENT OF CASH FLOWS

Year ended December 31

	2020	2019
	\$	\$
OPERATING ACTIVITIES		
<i>Excess of revenues over expenses (expenses over revenues) for the year</i>		
General fund	1,391,436	703,312
Internally restricted fund	2,393,207	1,433,245
Capital asset fund	(954,783)	(923,109)
<i>Add (deduct) items not involving cash</i>		
Amortization of capital assets	939,232	923,109
Realized or unrealized gain on sale of investments	(1,613,546)	(947,997)
Dividends reinvested	(744,036)	(509,539)
Loss on disposal of capital assets	15,551	-
Amortization of imputed interest benefit	-	2,059
	1,427,061	681,080
Net change in non-cash working capital balances related to operations		
Accounts receivable	(178,700)	28,522
Prepaid expenses and other assets	(29,494)	48,361
Accounts payable and accrued liabilities	42,073	(57,046)
Deferred contributions	12,871	(38,559)
	1,273,811	662,358
Cash provided by operating activities		
INVESTING ACTIVITIES		
Proceeds from (purchases of) investments, net of sales	781,845	(438,999)
Purchases of capital assets	(233,935)	(262,955)
	547,910	(701,954)
Cash provided by (used in) investing activities		
FINANCING ACTIVITIES		
Repayment of other long-term liabilities	(81,210)	(81,210)
	(81,210)	(81,210)
Cash used in financing activities		
Net increase (decrease) in cash and cash equivalents during the year	1,740,511	(120,806)
Cash and cash equivalents, beginning of year	1,535,206	1,656,012
Cash and cash equivalents, end of year	3,275,717	1,535,206
	2020	2019
Represented by:	\$	\$
Cash	2,504,746	1,479,017
Segregated cash – internally restricted fund	770,971	56,189
	3,275,717	1,535,206

See accompanying notes to the financial statements.

Toronto Children's Care Inc.
Notes to the financial statements
For the year ended December 31, 2020

1. NATURE OF THE ORGANIZATION

Organization

Toronto Children's Care Inc. (the "Organization") is incorporated without share capital under the provisions of the Corporations Act (Ontario). The Organization is a registered charity that operates a Ronald McDonald House in Toronto. The Organization is a registered charity under the Income Tax Act and is exempt from income tax under Section 149(1)(l) of the Income Tax Act and is able to issue donation receipts for income tax purposes. Registration remains valid so long as the Organization continues to fulfil the requirements of the Act and regulations in respect of registered charities.

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 located in Toronto, 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 in 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.

Toronto Children's Care Inc.
Notes to the financial statements
For the year ended December 31, 2020

2. SUMMARY OF 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.

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.

Fund accounting

To ensure observance of limitations and restrictions placed on the use of the 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 (previously called the “Unrestricted fund”) reports unrestricted resources available for general operating activities.

The Internally Restricted fund is used to report the assets, liabilities, revenues and expenses internally restricted by the Board of Directors. This fund includes two funds: The Stabilization fund and The Property Replacement Reserve fund. The Stabilization Fund was established by the Board of Directors to ensure the organization’s future financial stability; the purpose of the fund is to cover the future cost of ongoing programs in the event of an unanticipated loss of funding. The Property Replacement Reserve fund was established to have funds available for future repairs to and maintenance of the property components of the Organization. Any funds internally restricted by the Board of Directors are recorded through a transfer to the respective fund.

The Capital Asset fund (previously called the “Invested in Capital Assets fund”) reports resources that are restricted to the Organization’s capital asset purchases, replacements, or maintenance initiatives.

The Externally Restricted fund is used to report resources contributed with specified restrictions as to their uses.

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.

Toronto Children's Care Inc.
Notes to the financial statements
For the year ended December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

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.

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

Interest earned on resources of the Unrestricted and Internally Restricted funds is recognized in the respective funds on an accrual basis and dividend income recognized when received.

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.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and short-term investments with a short-term to maturity of approximately three months or less from the date of purchase unless they are held for investment rather than liquidity purposes, in which case they are classified as investments.

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 using the effective interest rate method, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net earnings.

Long-term debt

Long-term debt is initially measured at fair value, net of transaction costs and financing fees. It is subsequently measured at amortized cost. Transaction costs and financing fees are amortized using the straight-line method.

Toronto Children's Care Inc.
Notes to the financial statements
For the year ended December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. The Organization would not be able to operate Ronald McDonald House Toronto and family rooms successfully and effectively as it does without the assistance of numerous dedicated volunteers and donors who contribute a considerable amount of time, effort and materials over the course of the year. Because of the difficulty of determining the fair value of this time and effort, contributed materials and services are not recognized in these financial statements.

Capital assets

Purchased capital assets are recorded at acquisition cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of the contribution. Amortization is determined using the straight line method over the estimated useful lives of the assets as follows:

Land	n/a
Building	40 years
Furniture, fixtures, equipment	10 years
Family Rooms	10 years

Interest is capitalized during the period in which the capital assets are being constructed.

Impairment of long-lived assets

Long-lived assets are tested for impairment when events of 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.

Toronto Children's Care Inc.
Notes to the financial statements
For the year ended December 31, 2020

3. INVESTMENTS

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

	2020	2019
	\$	\$
<i>Cash held by investment manager</i>		
Internally restricted funds	770,971	56,189
	770,971	56,189
	2020	2019
	\$	\$
Internally Restricted funds		
<i>Fixed Income</i>		
Government treasury bills	5,616,890	5,566,982
Mutual funds and other investments	9,818,198	8,985,397
<i>Equities</i>		
Mutual funds and other investments	6,476,749	5,783,721
	21,911,837	20,336,100

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

[b] Investment income consists of the following:

	2020	2019
	\$	\$
Interest income	56,203	8,865
Dividends	744,036	512,707
Realized or unrealized gains	1,613,546	947,997
Management fees	(20,276)	(36,324)
	2,393,509	1,433,245

4. CAPITAL ASSETS

Capital assets consist of the following:

	2020		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Land	3,230,866	-	3,230,866
Buildings	27,119,704	6,037,871	21,081,833
Furniture, fixtures, equipment	3,236,714	2,225,920	1,010,794
Family rooms	1,643,912	868,404	775,508
Work in progress	48,749	-	48,749
	35,279,945	9,132,195	26,147,750

Toronto Children's Care Inc.
Notes to the financial statements
For the year ended December 31, 2020

4. CAPITAL ASSETS (continued)

Amortization of work in progress will commence when the project is substantially complete.

	2019		Net book value
	Cost	Accumulated amortization	
	\$	\$	\$
Land	3,230,866	-	3,230,866
Buildings	27,119,704	5,359,878	21,759,826
Furniture, fixtures, equipment	3,079,811	2,141,807	938,004
Family rooms	1,643,912	704,010	939,902
	35,074,293	8,205,695	26,868,598

5. GOVERNMENT REMITTANCES PAYABLE OR RECEIVABLE

As at Dec 31, 2020, accounts receivable include government remittances receivable of \$102,860 (2019 - \$78,218).

6. 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:

	2020	2019
	\$	\$
Balance, beginning of year	24,441	63,000
Amount received during the year	7,470,193	6,355,250
Amount recognized as revenue during the year	(7,457,322)	(6,393,809)
Balance, end of year	37,312	24,441

Toronto Children's Care Inc.
Notes to the financial statements
For the year ended December 31, 2020

7. OTHER LONG-TERM DEBT

[a] Long-term debt consists of the following:

	2020 \$	2019 \$
Toronto Energy Conservation Fund Loan, due January 1, 2022, repayable at quarterly instalments of \$18,165. The loan bears no interest except on outstanding instalments which are subject to interest at the Royal Bank of Canada's prime rate.	90,825	163,485
Toronto Green Energy Fund, due January 1, 2032, repayable at quarterly instalments of \$2,137. The loan bears no interest except on outstanding instalments which are subject to interest at the Royal Bank of Canada's prime rate.	96,188	104,740
Less: imputed interest benefit	(27,484)	(27,486)
Less current portion	(81,210)	(81,210)
	78,319	159,529

[b] The estimated principal repayments of long-term debt due in each of the next five years and thereafter are as follows:

	\$
2021	81,210
2022	26,715
2023	8,550
2024	8,550
2025	8,550
Thereafter	53,438
	187,013

[c] The loans payable are initially recorded at fair value. The fair value of these interest free loans are estimated as the present value of all future payments discounted using the prevailing market rates of interest for similar instruments. The difference between fair value and amount received has been accounted for as an imputed interest benefit, which is being amortized over the life of the loans and included in management and general expenses.

Toronto Children’s Care Inc.
Notes to the financial statements
For the year ended December 31, 2020

8. INTERNALLY RESTRICTED FUND BALANCE

The Internally Restricted fund is comprised of the following balances:

	2020 \$	2019 \$
Stabilization fund	17,839,326	15,881,452
Property Replacement Reserve fund	4,946,170	4,510,837
	22,785,496	20,392,289

During the period ended December 31, 2020 \$Nil (2019 – \$Nil) was transferred from the operating fund to the internally restricted fund.

As described in Note 2 in the financial statements, the purpose of the Stabilization Fund which was established by the Board of Directors is to cover the future cost of ongoing programs in the event of an unanticipated loss of funding. The Organization did not draw on these funds during the year.

9. GOVERNMENT GRANT -WAGES

In April 2020, the organization applied for funding from the Federal government under the Canada Emergency Wage Subsidy Program (“CEWS”). Under the CEWS program, the Organization is entitled to receive a subsidy equal to 75% of an employee’s wages – up to a set amount per week. On May 15, 2020, the Canadian government announced the extension of the CEWS program until August 29, 2020, along with a retroactive broadening of eligibility for the CEWS. On July 27, 2020 and October 14, 2020, the Canadian government passed additional CEWS changes, including a further extension of the program until June 2021; the Organization will be able to benefit from the revised subsidy. During the year ended December 31, 2020, the Organization recognized payroll subsidies under CEWS totaling \$1,445,252. These subsidies were recognized as revenue and shown as a separate line item called Canadian Emergency Wage Subsidy.

10. LETTER OF CREDIT

Toronto Children’s Care Inc. has a standby letter of credit bearing interest at 1.3% per annum. The beneficiary of this letter of credit is the Ontario Teachers Pension Plan. As of December 31, 2020, an amount of \$30,633 (2019- \$30,633) has been drawn on the letter of credit.

11. INTERFUND TRANSFERS

Transfers between funds during the year consist of the following:

	<u>General Fund</u>		<u>Restricted Fund</u>		<u>Capital Asset Fund</u>	
	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$
Transfers approved by the Board	(233,935)	(262,955)	-	-	233,935	262,955
	(233,935)	(262,955)	-	-	233,935	262,955

Toronto Children's Care Inc.
Notes to the financial statements
For the year ended December 31, 2020

12. 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. The Organization assesses on that basis of amounts for which ultimate collection is reasonably assured based on their estimated realizable value.

Interest rate risk

The Organization is exposed to interest rate risk with respect to its fixed rate debt, line of credit and its investments in fixed income investments and pooled funds that hold fixed income securities because 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.

Market risk

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

The Organization is not exposed to any significant interest rate risk or foreign currency risk at the statement of financial position date.

13. 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 of operations for programs, governance, finance, branding and reporting.

During the year ended December 31, 2020 the Organization received \$1,086,261 [2019 - \$1,091,243] from Ronald McDonald House Charities, Canada.

14. CONCENTRATIONS

Contributions totaling \$1,086,261 and \$1,091,243, were received from a single donor, RMHC Canada, during the years ended December 31, 2020 and 2019, respectively, which represents 19% and 18%, respectively of total public support.

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15. COVID-19

The outbreak of a novel strain of coronavirus ("COVID-19") was declared a global pandemic by the World Health Organization in March 2020. COVID-19 has severely impacted many economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

In late February 2020, with the support and oversight of the Board of Directors, the Organization proactively developed a COVID-19 Crisis Plan to prepare for scenarios that could potentially impact the operations of the Organization and the seven Family Rooms in the Greater Toronto Area and Sudbury. The Organization consulted with the appropriate subject matter experts at all Public Health Units to receive timely instruction and information regarding COVID-19 protocols. The Organization engaged with the Family Room Hospital partners administrative leadership and the Hospital's Infection Control & Prevention Unit to assess when a Family Room would be re-opened and what protocols were required once re-opened.

In March 2020, the Organization implemented various measures to keep families, employees, and volunteers safe. These measures included requiring all non-essential staff to work off-site, cancelling all volunteer shifts, suspending the acceptance of new families at the House and closing all seven family rooms. The Organization continued to serve the families previously registered at the House while concurrently implementing protocols such as screening, testing, signage and monitoring for social distancing requirements, and training for proper disinfection practices and personal protection equipment use. In May 2020, the Organization obtained approvals from licensee holder RMHC Global, and reopened the House to serving new families contingent on the adherence of specific COVID-19 protocols. Three of the seven Family Rooms re-opened by the end of the year in accordance with specified protocols, modified hours of operation and occupancy limits.

The Organization implemented a multitude of COVID-19 programs, procedures and safeguards to promote the safety and well-being of staff and the Organizations families. Examples include training of all staff for the appropriate use of personal protective equipment, enhanced cleaning protocols, active screening for staff and families, plexiglass where required, mandatory signage and mental health initiatives.

Several programs offered by the Organization were impacted by COVID-19, requiring suspension of or modifications to their operation. The Home for Dinner Program was suspended to limit traffic and minimize risk of community contact infections. The RMHC Toronto School implemented and operationalized an online learning platform with minimum disruption to our students. The Organization provided families the technology devices necessary to engage in this online learning platform. In the summer of 2020, RMHC Toronto was permitted to operate an in-person camp in compliance with provincial requirements and the mandates outlined by the Ontario Camps Association.

Contributions and fundraising revenues decreased due to the impact of COVID-19, including revenues from corporate donors and revenues generated from McHappy Day and other McDonald initiatives. The suspension of the Home for Dinner Program resulted in reduced revenues and also necessitated the Organization incur additional expenses to engage a third party service provider to safely prepare and deliver meals to the doors of families staying at the House. Comparing Current Year to Date to Prior Year to Date totals, the most significant variances were (respectively) McDonalds \$1,570,359 versus \$2,259,331, Signature Events \$197,944 versus \$322,284, and Community Events \$187,768 versus \$404,123. Individual Giving over-performed at \$818,659 versus \$403,160.