

Financial Statements

Toronto Children's Care Inc.

December 31, 2018

INDEPENDENT AUDITORS' 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, 2018, 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, 2018, 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 27, 2019

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Chartered Professional Accountants
Licensed Public Accountants

Toronto Children's Care Inc.
STATEMENT OF FINANCIAL POSITION

Year ended December 31

	2018 \$	2017 \$
ASSETS		
Current assets		
Cash and cash equivalents	1,656,012	1,046,903
Accounts receivable	145,162	135,506
Prepaid expenses and other assets	125,641	102,178
Total current assets	1,926,815	1,284,587
Investments (Note 3)	18,439,565	19,797,465
Capital assets, net (Note 4)	27,528,752	27,907,564
Total assets	47,895,132	48,989,616
LIABILITIES AND FUND BALANCES		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	435,003	257,181
Deferred contributions (Note 6)	63,000	210,860
Current portion of other long-term debt (Note 7)	81,210	81,210
Total current liabilities	579,213	549,251
Other long-term debt (Note 7)	238,680	306,891
Total liabilities	817,893	856,142
FUND BALANCES		
General fund	589,443	373,113
Internally restricted fund (Note 8)	18,959,044	19,852,797
Capital asset fund	27,528,752	27,907,564
Total fund balances	47,077,239	48,133,474
Total liabilities and fund balances	47,895,132	48,989,616

See accompanying notes

On behalf of the Board:

Director

Director

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>	
	2018 (12 months)	2017 (14 months)	2018 (12 months)	2017 (14 months)	2018 (12 months)	2017 (14 months)	2018 (12 months)	2017 (14 months)	2018 (12 months)	2017 (14 months)
	\$	\$	\$	\$	\$	\$			\$	\$
REVENUES AND OTHER SUPPORT										
Contributions	4,502,012	4,498,143	-	-	-	-	200,000	200,000	4,702,012	4,698,143
Fundraising activities/events	1,071,237	1,074,024	-	-	-	-	-	-	1,071,237	1,074,024
RMH room donations/fees	395,860	436,868	-	-	-	-	-	-	395,860	436,868
Other revenues	1,422	700	-	-	-	234,708	-	-	1,422	235,408
Investment income, net (Note 3)	-	-	366,814	1,046,231	-	-	-	-	366,814	1,046,231
Total revenues and other support	5,970,531	6,009,735	366,814	1,046,231	-	234,708	200,000	200,000	6,537,345	7,490,674
EXPENSES										
Program	3,302,683	3,905,809	-	-	907,254	853,806	200,000	200,000	4,409,937	4,959,615
Management and general	571,995	676,738	-	-	-	-	-	-	571,995	676,738
Fundraising	964,612	1,128,412	-	-	-	-	-	-	964,612	1,128,412
Cost of direct benefits to donors	386,469	416,337	-	-	-	-	-	-	386,469	416,337
Total expenses	5,225,759	6,127,296	-	-	907,254	853,806	200,000	200,000	6,333,013	7,181,102
Excess of operating revenues over expenses (expenses over revenues)	744,772	(117,561)	366,814	1,046,231	(907,254)	(619,098)	-	-	204,332	309,572
Realized or unrealized (losses) gains (Note 3)	-	-	(1,260,567)	538,593	-	-	-	-	(1,260,567)	538,593
Excess of revenues over expenses (expenses over revenues)	744,772	(117,561)	(893,753)	1,584,824	(907,254)	(619,098)	-	-	(1,056,235)	848,165
Fund balances, beginning of year	373,113	529,519	19,852,797	18,216,529	27,907,564	28,539,261	-	-	48,133,474	47,285,309
Transfers between funds (Note 10)	(528,442)	(38,845)	-	51,444	528,442	(12,599)	-	-	-	-
Fund balances, end of year	589,443	373,113	18,959,044	19,852,797	27,528,752	27,907,564	-	-	47,077,239	48,133,474

See accompanying notes

Toronto Children's Care Inc.
STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2018

	Program Services				Supporting Services			2018	2017
	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	\$1,868,552	\$ 597,600	\$ -	\$2,466,152	\$ 324,611	\$ 715,629	\$ -	\$ 3,506,392	\$ 4,056,841
Employee benefits	48,567	-	-	48,567	-	-	-	48,567	30,474
Employment payroll taxes	-	-	-	-	51,502	-	-	51,502	63,491
Amortization of capital assets	749,692	157,562	-	907,254	-	-	-	907,254	840,142
Advertising	-	276	-	276	-	25,322	-	25,598	13,857
Cleaning service and supplies	30,427	-	-	30,427	-	-	-	30,427	39,925
Direct mail solicitation	-	-	-	-	-	-	-	-	-
Donor recognition	-	-	-	-	-	-	386,469	386,469	430,217
Education, training and meetings	12,862	772	-	13,634	18,778	11,614	-	44,026	39,722
Family support services and supplies	69,437	-	-	69,437	-	-	-	69,437	147,716
Insurance	-	-	-	-	38,800	-	-	38,800	11,186
Interest and bank charges	-	-	-	-	53,061	-	-	53,061	82,117
Linens and laundry	12,569	-	-	12,569	-	-	-	12,569	6,303
Maintenance and repairs	216,567	5,351	-	221,918	-	-	-	221,918	295,138
Office supplies	10,096	11,601	-	21,697	13,430	20,749	-	55,876	52,868
Postage and courier	2,425	-	-	2,425	1,300	51,535	-	55,260	14,315
Printing costs	-	-	-	-	-	32,326	-	32,326	99,007
Professional fees	152,186	12,218	-	164,404	51,743	32,304	-	248,451	287,099
Rent	-	-	-	-	-	-	-	-	-
Technology and telephone	134,038	2,080	-	136,118	-	52,102	-	188,220	251,559
Travel, meal and entertainment costs	24,227	8,288	-	32,515	7,178	4,338	-	44,031	39,930
Utilities	255,779	-	-	255,779	-	-	-	255,779	315,929
Vehicle expense	2,294	-	-	2,294	-	-	-	2,294	3,093
Volunteer resources and recognition	8,847	-	-	8,847	11,592	-	-	20,439	22,048
Other expenses	15,624	-	-	15,624	-	18,693	-	34,317	38,125
*Grants (RMHC Canada only)	-	-	-	-	-	-	-	-	-
Total Expenses	3,614,189	795,748	-	4,409,937	571,995	964,612	386,469	6,333,013	7,181,102

Toronto Children's Care Inc.
STATEMENT OF CASH FLOWS

Year ended December 31

	2018	2017
	\$	\$
OPERATING ACTIVITIES		
<i>Excess of revenues over expenses (expenses over revenues) for the year</i>		
General fund	744,772	(117,561)
Internally restricted fund	(893,753)	1,584,824
Capital asset fund	(907,254)	(619,098)
<i>Add (deduct) items not involving cash</i>		
Amortization of capital assets	907,254	853,806
Realized or unrealized loss (gain) on sale of investments	1,260,567	(538,593)
Dividends reinvested	(208,865)	-
Amortization of imputed interest benefit	12,999	12,998
	915,720	1,176,376
Net change in non-cash working capital balances related to operations		
Accounts receivable	(9,656)	12,079
Prepaid expenses and other assets	(23,463)	29,308
Accounts payable and accrued liabilities	177,822	(218,641)
Deferred contributions	(147,860)	163,857
	912,563	1,162,979
INVESTING ACTIVITIES		
Purchases of investments, net of sales	306,198	(1,089,308)
Purchases of capital assets	(528,442)	(222,108)
	(222,244)	(1,311,416)
FINANCING ACTIVITIES		
Repayment of other long-term liabilities	(81,210)	(81,210)
	(81,210)	(81,210)
Net increase (decrease) in cash and cash equivalents during the year	609,109	(229,647)
Cash and cash equivalents, beginning of year	1,046,903	1,276,550
Cash and cash equivalents, end of year	1,656,012	1,046,903

See accompanying notes

	2018	2017
	\$	\$
Represented by:		
Cash	1,136,533	991,571
Segregated cash – internally restricted fund	519,479	55,332
	1,656,012	1,046,903

Toronto Children's Care Inc.

Notes to the financial statements

For the year ended December 31, 2018

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, fund 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, 2018

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, 2018

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 at 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, 2018

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.

3. INVESTMENTS

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

	2018	2017
	\$	\$
<i>Cash held by investment manager</i>		
Internally restricted funds	519,479	55,332
	519,479	55,332

Toronto Children's Care Inc.
Notes to the financial statements
For the year ended December 31, 2018

3. INVESTMENTS (continued)

	2018	2017
	\$	\$
Internally Restricted funds		
<i>Fixed Income</i>		
Government treasury bills	5,038,839	4,964,102
Mutual funds and other investments	8,518,789	8,846,312
<i>Equities</i>		
Mutual funds and other investments	4,881,937	5,987,051
	18,439,565	19,797,465

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

[b] Investment income (loss) consists of the following:

	12 months 2018	14 months 2017
	\$	\$
Interest income	4,589	351,851
Dividends	398,153	738,930
Realized or Unrealized gains (losses)	(1,260,567)	551,269
Management fees	(35,928)	(57,226)
	(893,753)	1,584,824

4. CAPITAL ASSETS

Capital assets consist of the following:

	2018		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Land	3,230,866	-	3,230,866
Buildings	27,010,060	4,683,255	22,326,805
Furniture, fixtures, equipment	2,954,002	2,058,310	895,692
Family rooms	1,616,411	541,022	1,075,389
	34,811,339	7,282,587	27,528,752

Toronto Children's Care Inc.
Notes to the financial statements
For the year ended December 31, 2018

4. CAPITAL ASSETS (continued)

	2017		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Land	3,230,866	-	3,230,866
Building	26,981,035	4,008,366	22,972,669
Furniture, fixtures, equipment	2,534,689	1,983,467	551,222
Family rooms	1,536,267	383,460	1,152,807
	34,282,857	6,375,293	27,907,564

5. GOVERNMENT REMITTANCES PAYABLE OR RECEIVABLE

As at Dec 31, 2018, accounts receivable include government remittances receivable of \$105,567 (2018 - \$107,686).

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:

	2018	2017
	\$	\$
Balance, beginning of year	210,860	47,003
Amount received during the year	6,022,671	6,608,300
Amount recognized as revenue during the year	(6,170,531)	(6,444,443)
Balance, end of year	63,000	210,860

Toronto Children's Care Inc.
Notes to the financial statements
For the year ended December 31, 2018

7. OTHER LONG-TERM DEBT

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

	2018	2017
	\$	\$
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.	236,145	308,805
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.	113,290	121,839
Less: imputed interest benefit	(29,545)	(42,543)
Less current portion	81,210	81,210
	238,680	306,891

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

	\$
2019	81,210
2020	81,210
2021	81,210
2022	26,715
2023	8,550
Thereafter	70,540
	349,435

[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 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, 2018

8. INTERNALLY RESTRICTED FUND BALANCE

The Internally Restricted fund is comprised of the following balances:

	2018 \$	2017 \$
Stabilization fund	14,712,536	15,462,951
Property Replacement Reserve fund	4,246,508	4,389,846
	18,959,044	19,852,797

During the period ended December 31, 2018 \$Nil (2017 – \$51,444) was transferred from the operating fund to the internally restricted fund.

9. 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 Federation. As of December 31, 2018, an amount of \$30,633 (2017 - \$30,633) has been drawn on the letter of credit.

10. 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>	
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
Donations internally restricted by the Board	-	-	-	-	-	-
Allocation of interest approved by the Board	-	-	-	-	-	-
Other transfers approved by the Board	(528,442)	(38,845)	-	51,444	528,442	(12,599)
	(528,442)	(38,845)	-	51,444	528,442	(12,599)

Toronto Children's Care Inc.
Notes to the financial statements
For the year ended December 31, 2018

11. 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.

12. RELATED PARTY TRANSACTIONS

Ronald McDonald House Charities (RMHC) is a system of independent, separately registered public benefit organizations, referred to as "Chapters" within the global organization. The Organization is an independent operating Chapter within the RMHC system. Each Chapter is licensed by 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, 2018, the Organization received from Ronald McDonald House Charities, Inc. \$64,045 [2017 - \$173,317]; and the Organization received \$1,302,506 [2017 - \$960,915] from Ronald McDonald House Charities, Canada.

Toronto Children's Care Inc.
Notes to the financial statements
For the year ended December 31, 2018

13. CONCENTRATIONS

Contributions totaling \$1,302,506 and \$960,915, were received from a single donor, RMHC Canada, during the years ended December 31, 2018 and 2017, respectively, which represents 22% and 17%, respectively of total public support.

14. SUBSEQUENT EVENTS

Management evaluated subsequent events through February 27, 2019, the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in the financial statements.

15. COMPARATIVE FIGURES

Certain reclassifications for the year ended December 31, 2017 have been made for the purpose of comparability.

In fiscal 2017, the fiscal year end of the Organization was changed from October 31 to December 31 to align with the Ronald McDonald House global standards. As such, current results reflect 12 months of operations and comparative figures reflect 14 months.