



Financial Statements

Toronto Children's Care Inc.

December 31, 2021

Independent auditor's report

Grant Thornton LLP
11th Floor
200 King Street West, Box 11
Toronto, ON
M5H 3T4
T +1 416 366 0100
F +1 416 360 4949

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, 2021, 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, 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 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 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.

Grant Thornton LLP

Toronto, Canada
March 23, 2022

Chartered Professional Accountants
Licensed Public Accountants

Toronto Children's Care Inc.
STATEMENT OF FINANCIAL POSITION

Year ended December 31

	2021 \$	2020 \$
ASSETS		
Current assets		
Cash	3,439,414	3,275,717
Accounts receivable (Note 5)	801,400	295,340
Prepaid expenses and other assets	107,715	106,774
Total current assets	4,348,529	3,677,831
Investments (Note 3[a])	23,741,921	21,911,837
Capital assets, net (Note 4)	26,345,241	26,147,750
Total assets	54,435,691	51,737,418
LIABILITIES AND FUND BALANCES		
Current liabilities		
Accounts payable and accrued liabilities	557,905	420,030
Deferred contributions (Note 6)	50,760	37,312
Current portion of other long-term debt (Note 7)	26,715	81,210
Total current liabilities	635,380	538,552
Other long-term debt (Note 7)	64,220	78,319
Total liabilities	699,600	616,871
FUND BALANCES		
General fund	3,544,704	2,187,301
Internally restricted fund (Note 8)	23,846,146	22,785,496
Capital asset fund	26,345,241	26,147,750
Total fund balances	53,736,091	51,120,547
Total liabilities and fund balances	54,435,691	51,737,418

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>	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUES AND OTHER SUPPORT										
Contributions	6,257,152	5,131,208	-	-	-	-	150,000	150,000	6,407,152	5,281,208
Fundraising activities/events	708,469	385,711	-	-	-	-	-	-	708,469	385,711
RMH room donations/fees	121,274	178,713	-	-	-	-	-	-	121,274	178,713
Other revenues	-	166,740	-	-	-	-	-	-	-	166,740
Government grant - wages (Note 9)	856,782	1,445,252	-	-	-	-	-	-	856,782	1,445,252
Investment income, net (Note 3[b])	-	-	333,490	779,661	-	-	-	-	333,490	779,661
Total revenues and other support	7,943,677	7,307,624	333,490	779,661	-	-	150,000	150,000	8,427,167	8,237,285
FUNCTIONAL EXPENSES										
Program	3,894,841	3,843,562	-	-	1,121,455	954,783	150,000	150,000	5,166,296	4,948,345
Management and general	819,759	704,234	-	-	-	-	-	-	819,759	704,234
Fundraising	1,464,391	1,303,206	-	-	-	-	-	-	1,464,391	1,303,206
Cost of direct benefits to donors	88,337	65,186	-	-	-	-	-	-	88,337	65,186
Total functional expenses	6,267,328	5,916,188	-	-	1,121,455	954,783	150,000	150,000	7,538,783	7,020,971
Excess of operating revenues over expenses (expenses over revenues)	1,676,349	1,391,436	333,490	779,661	(1,121,455)	(954,783)	-	-	888,384	1,216,314
Realized or unrealized gains (Note 3)	-	-	1,727,160	1,613,546	-	-	-	-	1,727,160	1,613,546
Excess of revenues over expenses (expenses over revenues)	1,676,349	1,391,436	2,060,650	2,393,207	(1,121,455)	(954,783)	-	-	2,615,544	2,829,860
Fund balances, beginning 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
Transfers between funds (Note 11)	(318,946)	(233,935)	(1,000,000)	-	1,318,946	233,935	-	-	-	-
Fund balances, end of year	3,544,704	2,187,301	23,846,146	22,785,496	26,345,241	26,147,750	-	-	53,736,091	51,120,547

See accompanying notes to the financial statements.

Toronto Children's Care Inc.
STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2021

	Program Services			Supporting Services			2021	2020
	Ronald McDonald House	Ronald McDonald Family Room	Total Program Services	Management and General	Fundraising	Cost of Direct Benefits to Donors	Total Expenses	Total Expenses
	\$	\$	\$	\$	\$	\$	\$	\$
Salaries	1,840,090	730,423	2,570,513	432,805	990,187	-	3,993,505	3,904,293
Employee benefits	21,962	5,612	27,574	26,075	17,292	-	70,941	76,623
Employment payroll taxes	21,401	5,837	27,238	15,564	8,755	-	51,557	49,659
Amortization of capital assets	813,955	164,972	978,927	-	-	-	978,927	939,232
Advertising	-	-	-	-	18,794	-	18,794	16,818
Cleaning service and supplies	45,333	-	45,333	-	-	-	45,333	51,500
Donor recognition	-	-	-	-	-	88,337	88,337	65,186
Education, training and meetings	9,674	3,665	13,339	18,174	8,497	-	40,010	27,090
Family support services and supplies	440,323	-	440,323	-	-	-	440,323	354,208
Insurance	-	-	-	39,258	-	-	39,258	38,526
Interest and bank charges	-	-	-	55,675	-	-	55,675	33,646
Linens and laundry	-	-	-	-	-	-	-	3,828
Maintenance and repairs	231,205	5,521	236,726	-	-	-	236,726	312,512
Office supplies	12,637	16,017	28,654	10,773	5,625	-	45,052	57,813
Postage and courier	1,539	-	1,539	2,590	4,335	-	8,464	7,121
Printing costs	-	-	-	-	92,643	-	92,643	90,447
Professional fees	144,593	-	144,593	147,464	134,087	-	426,144	276,070
Technology and telephone	271,658	327	271,985	29,212	41,954	-	343,151	353,198
Travel, meal and entertainment costs	1,161	5,525	6,686	95	392	-	7,173	8,732
Utilities	222,974	-	222,974	-	-	-	222,974	246,033
Volunteer resources and recognition	5,295	-	5,295	15,825	-	-	21,120	20,370
Other expenses	144,597	-	144,597	26,249	141,830	-	312,676	88,067
Total Expenses	4,228,397	937,899	5,166,296	819,759	1,464,391	88,337	7,538,783	7,020,971

See accompanying notes to the financial statements.

Toronto Children's Care Inc.
STATEMENT OF CASH FLOWS

Year ended December 31

	2021	2020
	\$	\$
OPERATING ACTIVITIES		
<i>Excess of revenues over expenses (expenses over revenues) for the year</i>		
General fund	1,676,349	1,391,436
Internally restricted fund	2,060,650	2,393,207
Capital asset fund	(1,121,455)	(954,783)
<i>Add (deduct) items not involving cash</i>		
Amortization of capital assets	978,927	939,232
Unrealized gain on sale of investments	(1,727,160)	(1,613,546)
Dividends reinvested	(333,490)	(744,036)
Loss on disposal of capital assets	142,528	15,551
Amortization of imputed interest benefit	12,618	-
	1,688,967	1,427,061
Net change in non-cash working capital balances related to operations		
Accounts receivable	(506,060)	(178,700)
Prepaid expenses and other assets	(941)	(29,494)
Accounts payable and accrued liabilities	137,875	42,073
Deferred contributions	13,448	12,871
	(355,678)	(153,250)
Cash provided by operating activities	1,333,289	1,273,811
INVESTING ACTIVITIES		
Proceeds from investments, net of sales	230,566	781,845
Purchases of capital assets	(1,318,946)	(233,935)
Cash (used in) provided by investing activities	(1,088,380)	547,910
FINANCING ACTIVITIES		
Repayment of other long-term liabilities	(81,212)	(81,210)
Cash used in financing activities	(81,212)	(81,210)
Net increase in cash during the year	163,697	1,740,511
Cash, beginning of year	3,275,717	1,535,206
Cash, end of year	3,439,414	3,275,717
	2021	2020
Represented by:	\$	\$
Cash	3,439,414	2,504,746
Segregated cash – internally restricted fund	-	770,971
	3,439,414	3,275,717

See accompanying notes to the financial statements.

Toronto Children's Care Inc.
Notes to the financial statements
For the year ended December 31, 2021

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: the Organization is focused on the critical needs of children, leads with compassion, celebrates the diversity of the people and programs, values the Organization's heritage and operates 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, 2021

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. Externally restricted contributions where there is no Restricted Fund are deferred and recognized as revenue when expended.

Toronto Children's Care Inc.
Notes to the financial statements
For the year ended December 31, 2021

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 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. 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. Salaries have been allocated based on estimated time spent on the programs and supporting services.

Financial instruments

Investments are recorded at fair value. Transactions are recorded on a trade date basis and transaction costs are expensed as incurred.

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.

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.

Contributed materials and services

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.

Toronto Children's Care Inc.
Notes to the financial statements
For the year ended December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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:

Tangible assets

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

Intangible assets

Website	4 years
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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:

	2021	2020
	\$	\$
Internally Restricted funds		
<i>Fixed Income</i>		
Investment savings	3,782,108	-
Government treasury bills	-	5,616,890
Mutual funds and other investments	12,040,708	9,818,198
<i>Equities</i>		
Mutual funds and other investments	7,919,105	6,476,749
	23,741,921	21,911,837

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

Toronto Children's Care Inc.
Notes to the financial statements
For the year ended December 31, 2021

3. INVESTMENTS (continued)

[b] Investment income consists of the following:

	2021	2020
	\$	\$
Interest income	13,288	56,203
Dividends	349,466	744,036
Unrealized gains	1,727,160	1,613,546
Management fees	(29,264)	(20,276)
	2,060,650	2,393,509

4. CAPITAL ASSETS

Capital assets consist of the following:

	2021		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Land	3,230,866	-	3,230,866
Buildings	27,591,054	6,718,314	20,872,740
Furniture, fixtures, equipment	3,565,876	2,269,942	1,295,934
Family rooms	1,655,491	1,033,375	622,116
Website	101,960	12,745	89,215
Work in progress	234,370	-	234,370
	36,379,617	10,034,376	26,345,241

During the year, there were additions to the buildings of \$275,351 that were not complete at year end. Amortization of these additions and the work in progress will commence when the projects are substantially complete and in use.

	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, 2021

5. GOVERNMENT REMITTANCES RECEIVABLE

As at December 31, 2021, accounts receivable include government remittances receivable of \$165,704 (2020 - \$102,860).

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:

	2021	2020
	\$	\$
Balance, beginning of year	37,312	24,441
Amount received during the year	8,107,125	7,470,193
Amount recognized as revenue during the year	(8,093,677)	(7,457,322)
Balance, end of year	50,760	37,312

7. OTHER LONG-TERM DEBT

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

	2021	2020
	\$	\$
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.	18,165	90,825
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.	87,636	96,188
Less: imputed interest benefit	(14,866)	(27,484)
Less current portion	(26,715)	(81,210)
	64,220	78,319

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

	\$
2022	26,715
2023	8,550
2024	8,550
2025	8,550
2026	8,550
Thereafter	30,020
	90,935

Toronto Children’s Care Inc.
Notes to the financial statements
For the year ended December 31, 2021

7. OTHER LONG-TERM DEBT (continued)

[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.

8. INTERNALLY RESTRICTED FUND BALANCE

The Internally Restricted fund is comprised of the following balances:

	2021 \$	2020 \$
Stabilization fund	19,515,383	17,839,326
Property Replacement Reserve fund	4,330,763	4,946,170
	23,846,146	22,785,496

During the period ended December 31, 2021 \$Nil (2020 – \$Nil) was transferred from the operating fund to the internally restricted fund.

The Organization drew down \$1,000,000 from the Property Replacement Reserve fund 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 October 2021; the Organization was able to benefit from the revised subsidy. During the year ended December 31, 2021, the Organization recognized payroll subsidies under CEWS totaling \$856,782 (2020 - \$1,445,252). These subsidies were recognized as revenue and shown as a separate line item called government grant - wages.

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, 2021, an amount of \$30,633 (2020- \$30,633) has been drawn on the letter of credit.

Toronto Children's Care Inc.
Notes to the financial statements
For the year ended December 31, 2021

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>	
	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$
Transfers approved by the Board	(318,946)	(233,935)	(1,000,000)	-	1,318,946	233,935
	(318,946)	(233,935)	(1,000,000)	-	1,318,946	233,935

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 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 foreign currency risk at the statement of financial position date.

Toronto Children's Care Inc.
Notes to the financial statements
For the year ended December 31, 2021

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, 2021 the Organization received \$1,113,949 [2020 - \$1,086,261] from Ronald McDonald House Charities, Canada which represents 16% and 19%, respectively of total public support.

14. 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.

The Organization implemented a multitude of COVID-19 programs, procedures and safeguards to promote the safety and well-being of the staff and the families supported by the Organization. Examples include mandatory training for all staff on the appropriate use of personal protective equipment, use of masks (now N95 masks) for all staff, families, visitors and vendors, enhanced cleaning protocols, active screening for staff, families, essential visitors, and vendors, plexiglass where required in the House and seven Family Rooms, mandatory signage in the House and Family rooms and mental health initiatives for staff.