



Financial Statements

Toronto Children's Care Inc.

December 31, 2022

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, 2022, 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, 2022, 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 22, 2023



Chartered Professional Accountants
Licensed Public Accountants

Toronto Children's Care Inc.
STATEMENT OF FINANCIAL POSITION

Year ended December 31

	2022	2021
	\$	\$
ASSETS		
Current assets		
Cash	757,455	3,439,414
Accounts receivable (Note 5)	717,185	801,400
Prepaid expenses and other assets	144,183	107,715
Total current assets	1,618,823	4,348,529
Investments (Note 3[a])	22,817,637	23,741,921
Capital assets, net (Note 4)	27,342,161	26,345,241
Total assets	51,778,621	54,435,691
LIABILITIES AND FUND BALANCES		
Current liabilities		
Accounts payable and accrued liabilities	1,847,715	557,905
Deferred contributions (Note 6)	32,115	50,760
Current portion of other long-term debt (Note 7)	8,550	26,715
Total current liabilities	1,888,380	635,380
Other long-term debt (Note 7)	58,517	64,220
Total liabilities	1,946,897	699,600
FUND BALANCES		
General fund	(54,008)	3,544,704
Internally restricted fund (Note 8)	22,373,571	23,846,146
Capital asset fund	27,512,161	26,345,241
Total fund balances	49,831,724	53,736,091
Total liabilities and fund balances	51,778,621	54,435,691

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>	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUES AND OTHER SUPPORT										
Contributions	6,044,372	6,257,152	-	-	170,000	-	150,000	150,000	6,364,372	6,407,152
Fundraising activities/events	662,987	708,469	-	-	-	-	-	-	662,987	708,469
RMH room donations/fees	158,685	121,274	-	-	-	-	-	-	158,685	121,274
Government grant - wages (Note 9)	-	856,782	-	-	-	-	-	-	-	856,782
Investment income, net (Note 3[b])	-	-	1,259,506	333,490	-	-	-	-	1,259,506	333,490
Total revenues and other support	6,866,044	7,943,677	1,259,506	333,490	170,000	-	150,000	150,000	8,445,550	8,427,167
FUNCTIONAL EXPENSES										
Program	6,330,866	3,894,841	554,565	-	1,036,946	1,121,455	150,000	150,000	8,072,377	5,166,296
Management and general	761,104	819,759	-	-	-	-	-	-	761,104	819,759
Fundraising	1,237,146	1,464,391	-	-	-	-	-	-	1,237,146	1,464,391
Cost of direct benefits to donors	101,774	88,337	-	-	-	-	-	-	101,774	88,337
Total functional expenses	8,430,890	6,267,328	554,565	-	1,036,946	1,121,455	150,000	150,000	10,172,401	7,538,783
Excess of operating (expenses over revenues) revenues over expenses	(1,564,846)	1,676,349	704,941	333,490	(866,946)	(1,121,455)	-	-	(1,726,851)	888,384
Realized or unrealized (losses) gains (Note 3)	-	-	(2,177,516)	1,727,160	-	-	-	-	(2,177,516)	1,727,160
Excess of (expenses over revenues) revenues over expenses	(1,564,846)	1,676,349	(1,472,575)	2,060,650	(866,946)	(1,121,455)	-	-	(3,904,367)	2,615,544
Fund balances, beginning 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
Transfers between funds (Note 11)	(2,033,866)	(318,946)	-	(1,000,000)	2,033,866	1,318,946	-	-	-	-
Fund balances, end of year	(54,008)	3,544,704	22,373,571	23,846,146	27,512,161	26,345,241	-	-	49,831,724	53,736,091

See accompanying notes to the financial statements.

Toronto Children's Care Inc.
STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2022

	Program Services			Supporting Services			2022	2021
	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	3,881,603	1,502,584	5,384,187	427,111	837,912	-	6,649,210	3,993,505
Employee benefits	20,356	7,633	27,989	41,560	15,267	-	84,816	70,941
Employment payroll taxes	27,959	13,203	41,162	21,746	14,756	-	77,664	51,557
Amortization of capital assets	875,473	161,473	1,036,946	-	-	-	1,036,946	978,927
Advertising	-	-	-	-	18,791	-	18,791	18,794
Cleaning service and supplies	39,712	-	39,712	-	-	-	39,712	45,333
Donor recognition	-	-	-	-	-	101,774	101,774	88,337
Education, training and meetings	12,639	1,000	13,639	15,966	8,022	-	37,627	40,010
Family support services and supplies	414,962	-	414,962	-	-	-	414,962	440,323
Insurance	-	-	-	45,673	-	-	45,673	39,258
Interest and bank charges	-	-	-	40,491	-	-	40,491	55,675
Linens and laundry	11,050	-	11,050	-	-	-	11,050	-
Maintenance and repairs	325,249	12,692	337,941	-	-	-	337,941	236,726
Office supplies	9,290	31,581	40,871	4,266	3,808	-	48,945	45,052
Postage and courier	3,584	-	3,584	1,566	3,820	-	8,970	8,464
Printing costs	-	-	-	-	78,367	-	78,367	92,643
Professional fees	194,711	-	194,711	97,623	3,509	-	295,843	426,144
Technology and telephone	295,942	-	295,942	31,761	94,077	-	421,780	343,151
Travel, meal and entertainment costs	3,180	4,007	7,187	184	1,787	-	9,158	7,173
Utilities	211,832	-	211,832	-	-	-	211,832	222,974
Volunteer resources and recognition	10,662	-	10,662	10,152	-	-	20,814	21,120
Other expenses	-	-	-	23,005	157,030	-	180,035	312,676
Total Expenses	6,338,204	1,734,173	8,072,377	761,104	1,237,146	101,774	10,172,401	7,538,783

See accompanying notes to the financial statements.

Toronto Children's Care Inc.
STATEMENT OF CASH FLOWS

Year ended December 31

	2022	2021
	\$	\$
OPERATING ACTIVITIES		
<i>Excess of (expenses over revenues) revenues over expenses for the year</i>		
General fund	(1,564,846)	1,676,349
Internally restricted fund	(1,472,575)	2,060,650
Capital asset fund	(866,946)	(1,121,455)
<i>Add (deduct) items not involving cash</i>		
Amortization of capital assets	1,036,946	978,927
Unrealized loss (gain) on sale of investments	2,177,516	(1,727,160)
Dividends reinvested	(1,278,994)	(333,490)
Loss on disposal of capital assets	-	142,528
Amortization of imputed interest benefit	2,845	12,618
	(1,966,054)	1,688,967
Net change in non-cash working capital balances related to operations		
Accounts receivable	84,215	(506,060)
Prepaid expenses and other assets	(36,468)	(941)
Accounts payable and accrued liabilities	1,289,810	137,875
Deferred contributions	(18,645)	13,448
	1,318,912	(355,678)
Cash (used in) provided by operating activities	(647,142)	1,333,289
INVESTING ACTIVITIES		
Proceeds from investments, net of sales	25,762	230,566
Purchases of capital assets	(2,033,866)	(1,318,946)
Cash used in investing activities	(2,008,104)	(1,088,380)
FINANCING ACTIVITIES		
Repayment of other long-term debt	(26,713)	(81,212)
Cash used in financing activities	(26,713)	(81,212)
Net (decrease) increase in cash during the year	(2,681,959)	163,697
Cash, beginning of year	3,439,414	3,275,717
Cash, end of year	757,455	3,439,414

See accompanying notes to the financial statements.

Toronto Children's Care Inc.

Notes to the financial statements

For the year ended December 31, 2022

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. As a registered charity under the Income Tax Act, the Organization 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.

The Organization fulfills its mission through the 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, 2022

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 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 appropriate externally restricted fund when initially recognized in the accounts. Externally restricted contributions where there is no Externally 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, 2022

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 Externally 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 Externally Restricted Fund, Capital Asset Fund and General Fund resources that is not restricted 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 General 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 cash, 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.

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, 2022

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	20 - 40 years
Furniture, fixtures, equipment	3 - 10 years
Family Rooms	7 - 10 years

Intangible assets

Website	4 years
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Interest on long-term debt incurred for capital assets 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:

	2022	2021
	\$	\$
Internally Restricted funds		
<i>Fixed Income</i>		
Investment savings accounts	3,190,701	3,782,108
Mutual funds	11,845,707	12,040,708
<i>Equities</i>		
Mutual funds	7,781,229	7,919,105
	22,817,637	23,741,921

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, 2022

3. INVESTMENTS (continued)

[b] Investment income consists of the following:

	2022	2021
	\$	\$
Interest income	3,726	13,288
Dividends	1,278,086	349,466
Management fees	(22,306)	(29,264)
	1,259,506	333,490
Unrealized (losses) gains	(2,177,516)	1,727,160
	(918,010)	2,060,650

4. CAPITAL ASSETS

Capital assets consist of the following:

	2022		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Land	3,230,866	-	3,230,866
Buildings	28,561,638	7,417,854	21,143,784
Furniture, fixtures, equipment	3,780,801	2,420,382	1,360,419
Family rooms	1,659,190	1,194,849	464,341
Website	101,960	38,235	63,725
Work in progress	1,079,026	-	1,079,026
	38,413,481	11,071,320	27,342,161

During the year, there were additions to the buildings of \$206,577 (2021 - \$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.

	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

Toronto Children's Care Inc.
Notes to the financial statements
For the year ended December 31, 2022

5. GOVERNMENT REMITTANCES RECEIVABLE

As at December 31, 2022, accounts receivable include government remittances receivable of \$143,041 (2021 - \$165,704).

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:

	2022 \$	2021 \$
Balance, beginning of year	50,760	37,312
Amount received during the year	7,167,399	8,107,125
Amount recognized as revenue during the year	(7,186,044)	(8,093,677)
Balance, end of year	32,115	50,760

7. OTHER LONG-TERM DEBT

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

	2022 \$	2021 \$
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.	79,088	87,636
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
Less: imputed interest benefit	(12,021)	(14,866)
Less current portion	(8,550)	(26,715)
	58,517	64,220

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

	\$
2023	8,550
2024	8,550
2025	8,550
2026	8,550
2027	8,550
Thereafter	36,338
	79,088

Toronto Children’s Care Inc.
Notes to the financial statements
For the year ended December 31, 2022

7. OTHER LONG-TERM DEBT (continued)

[c] Other long-term debt is 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:

	2022	2021
	\$	\$
Stabilization fund	18,213,135	19,515,383
Property Replacement Reserve fund	4,160,436	4,330,763
	22,373,571	23,846,146

The Organization drew down \$Nil (2021 – \$1,000,000) from the Property Replacement Reserve fund during the year.

9. GOVERNMENT GRANT - WAGES

During 2020, the organization applied for funding from the Federal government under the Canada Emergency Wage Subsidy Program (“CEWS”). Under the CEWS program, the Organization was entitled to receive a subsidy equal to 75% of an employee’s wages – up to a set amount per week. The Canadian government extended the program until October 2021. During the year ended December 31, 2022, no payroll subsidies under CEWS were received (2021 - \$856,782). 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, 2022, an amount of \$30,633 (2021- \$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, 2022

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>	
	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$
Transfers approved by the Board for purchases of capital assets	(2,033,866)	(318,946)	-	(1,000,000)	2,033,866	1,318,946
	(2,033,866)	(318,946)	-	(1,000,000)	2,033,866	1,318,946

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.

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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, 2022 the Organization received \$716,324 [2021 - \$1,113,949] from Ronald McDonald House Charities, Canada which represents 10% and 16%, 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 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.