

Consolidated financial statements of

March of Dimes Canada

March 31, 2016

March of Dimes Canada

March 31, 2016

Table of contents

Independent Auditor's Report	1-2
Consolidated statement of financial position.....	3
Consolidated statement of revenue and expenses	4
Consolidated statement of changes in fund balances.....	5
Consolidated statement of cash flows.....	6
Notes to the consolidated financial statements.....	7-19



Deloitte LLP
400 Applewood Crescent
Suite 500
Vaughan ON L4K 0C3
Canada

Tel: 416-775-7323
Fax: 416-801-6703
www.deloitte.ca

Independent Auditor's Report

To the Board of Directors of
March of Dimes Canada

We have audited the accompanying consolidated financial statements of March of Dimes Canada ("MODC"), which comprise the consolidated statement of financial position as at March 31, 2016, the consolidated statements of revenue and expenses, changes in fund balances and of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, MODC derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of MODC and we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenue over expenses and cash flows from operations for the years ended March 31, 2016 and 2015, current assets as at March 31, 2016 and 2015, and fund balances as at April 1, 2015 and 2014 and March 31, 2016 and 2015. The audit opinion for the year ended March 31, 2015 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of MODC as at March 31, 2016, and the consolidated results of its operations and its consolidated cash flows for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matter

The financial statements of MODC for the year ended March 31, 2015 were audited by another auditor who expressed a modified opinion on July 28, 2015.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
July 26, 2016

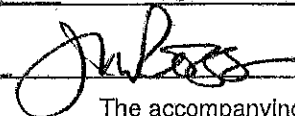
March of Dimes Canada

Consolidated statement of financial position as at March 31, 2016

	2016	2015
	\$	\$
Assets		
Current assets		
Cash and restricted cash (Note 3)	12,776,902	8,698,494
Short-term investments (Note 4)	4,022,477	4,114,608
Accounts receivable (Note 5)	3,412,124	3,082,705
Amount due from March of Dimes Canada Non-Profit Housing Corporation ("NPHC") (Note 6(a))	-	255,344
Prepaid expenses	793,945	814,377
Grants and allocations receivable	57,999	269,333
	21,063,447	17,234,861
Restricted investments (Note 8)	2,273,046	2,281,701
Capital assets (Note 9)	4,954,879	4,570,779
Intangible asset - trademark (Note 2(d))	1,413,751	1,413,751
	29,705,123	25,501,092
Liabilities		
Current liabilities		
Accounts payable and accrued charges (Note 10)	8,340,081	7,595,431
Amount due to NPHC (Note 6(a))	240,171	-
Unexpended program grants and deferred revenue (Note 11)	1,331,189	1,704,441
Government advances	2,309,623	648,387
	12,221,064	9,948,259
Deferred capital grants (Note 12)	1,547,274	1,230,141
	13,768,338	11,178,400
Commitments and contingencies (Note 17)		
Fund balances		
Invested in capital and intangible assets	4,821,356	4,754,389
Internally restricted funds:		
Capital Reserve (Note 13(a))	1,237,795	1,087,795
Stabilization Reserve (Note 13(b))	5,966,057	5,086,905
Major IT Capital Reserve (Note 13(c))	1,000,000	400,000
Minor Capital Reserve (Note 13(d))	250,000	-
Ability and Beyond (Note 13(e))	2,661,577	2,993,603
	15,936,785	14,322,692
	29,705,123	25,501,092

On behalf of the Board

 Director

 Director

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

March of Dimes Canada

Consolidated statement of revenue and expenses
year ended March 31, 2016

	2016	2015
	\$	\$
Revenue		
Government grants	75,594,744	75,930,172
Fees	16,230,582	14,695,561
Program recovery	14,500,434	10,984,345
Fundraising (Note 14)	5,914,518	5,898,296
Investment and other	558,337	1,026,466
	112,798,615	108,534,840
Expenses (Note 19)		
Programs		
Independent Living Services	60,129,607	57,033,412
Employment Services	15,340,175	18,280,391
AccessAbility® Services	11,992,223	11,899,201
Passport Services	15,252,726	11,753,874
Community Engagement and Integration Services	3,829,649	2,635,415
Information Advocacy Services, Grants and Awards	932,758	921,793
	107,477,138	102,524,086
Fundraising	2,169,250	2,264,388
Donor acquisition	627,475	678,250
Administration	6,808,497	6,947,557
Administration recovery (Note 19)	(6,406,527)	(6,010,581)
Amortization (Note 9)	508,689	578,387
	111,184,522	106,982,087
Excess of revenue over expenses	1,614,093	1,552,753

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

March of Dimes Canada

Consolidated statement of changes in fund balances
year ended March 31, 2016

	2016		2015					
	Operating Fund	Invested in capital and intangible assets	Internally restricted funds					
	\$	\$	Major IT Capital Reserve	Minor IT Capital Reserve				
			Stabilization Reserve	Ability and Beyond				
			\$	\$				
			Total	Total				
			\$	\$				
Fund balances, beginning of year	-	4,754,389	1,087,795	5,086,905	400,000	2,993,603	14,322,692	12,769,939
Excess (deficiency) of revenue over expenses	1,981,932	(367,839)	-	-	-	-	1,614,093	1,552,753
Interfund transfers:								
Purchase of capital assets (Note 9)	-	892,789	-	(892,789)	-	-	-	-
Deferred capital grants	-	(457,983)	-	457,983	-	-	-	-
Transfer to Capital Reserve (Note 13(a))	(150,000)	-	150,000	-	-	-	-	-
Transfer to Stabilization Reserve (Note 13(b))	(1,313,958)	-	-	1,313,958	-	-	-	-
Transfer to Major IT Capital Reserve (Note 13(c))	(600,000)	-	-	-	600,000	-	-	-
Transfer to Minor Capital Reserve (Note 13(d))	(250,000)	-	-	-	-	250,000	-	-
Transfer to Ability and Beyond (Note 13(e))	(500,000)	-	-	-	-	-	-	500,000
Ability and Beyond excess of expenses over revenue (Notes 8 and 13(e))	832,026	-	-	-	-	-	-	(832,026)
Fund balances, end of year	-	4,821,356	1,237,795	5,966,057	1,000,000	250,000	15,936,785	14,322,692

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

March of Dimes Canada

Consolidated statement of cash flows

year ended March 31, 2016

	2016	2015
	\$	\$
Operating activities		
Excess of revenue over expenses	1,614,093	1,552,753
Items not involving cash		
Amortization	508,689	578,387
Amortization of deferred capital grants	(140,850)	(202,367)
Unrealized loss (gain) on restricted investments	171,493	(12,643)
Changes in non-cash operating working capital		
Accounts receivable	(329,419)	15,190
Amount due from NPHC	255,344	(255,344)
Prepaid expenses	20,432	(556,933)
Grants and allocations receivable	211,334	(218,853)
Accounts payable and accrued charges	744,650	915,775
Amount due to NPHC	240,171	-
Unexpended program grants and deferred revenue	(373,252)	381,361
Government advances	1,661,236	588,387
	4,583,921	2,785,713
Financing activity		
Receipt of deferred capital grants	457,983	212,445
Investing activities		
Restricted investments, net	(162,838)	(80,735)
Purchase of capital assets	(892,789)	(498,867)
	(1,055,627)	(579,602)
Increase in cash and restricted cash and short-term investments	3,986,277	2,418,556
Cash and restricted cash and short-term investments, beginning of year	12,813,102	10,394,546
Cash and restricted cash and short-term investments, end of year	16,799,379	12,813,102
Represented by		
Unrestricted cash	12,577,487	8,492,159
Restricted cash	199,415	206,335
Short-term investments	4,022,477	4,114,608
	16,799,379	12,813,102

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

March of Dimes Canada

Notes to the consolidated financial statements

March 31, 2016

1. Significant accounting policies

The Canadian Foundation for Poliomyelitics was incorporated in 1951 to eliminate polio. When reconstituted as an organization with members from across Canada, the original Board of Directors (the Board) from Ontario formed the Ontario Corporation, Rehabilitation Foundation for Poliomyelitics and the Orthopedically Disabled, which became known as Ontario March of Dimes (OMOD) and which was incorporated in 1957. The legal name of the corporation was subsequently changed to the Rehabilitation Foundation for the Disabled. As of May 2013, the non-profit corporation became incorporated federally as March of Dimes Canada (MODC), OMOD no longer existed as a provincial entity, and the former subsidiary, March of Dimes Canada, was registered as March of Dimes Canada Foundation. All operations are currently carried out by MODC, and March of Dimes Canada Foundation remains inactive.

These consolidated financial statements include the assets, liabilities, revenues and expenses of MODC and March of Dimes Canada Foundation. Other controlled organizations are outlined in Note 6 and are not included in the consolidated financial statements.

MODC is a registered charitable organization and, as such, is exempt from income taxes, provided that certain disbursement criteria are met.

MODC's programs include the following:

- (a) Independent Living Services - to enable adults with physical disabilities and/or acquired brain injury to live independently in their own homes through a variety of services, such as Outreach Attendant Services, Supportive Housing and Acquired Brain Injury Services. Northern Medical Clinics are also offered by this department.
- (b) Employment Services - to assist adults with physical disabilities to achieve independence through establishing employment plans, delivering training and on-the-job support. Programs offered include assessment services, DisKovery®, Canadian Veterans Vocational Rehabilitation Services and placement services.
- (c) AccessAbility® Services - to provide assistive technologies, modifications to enhance independence and mobility. Services include Home and Vehicle Modifications program, Assistive Devices Program and Barrier-Free Design Consultation.
- (d) Passport Services - to deliver grants provided by the Ministry of Community and Social Services to people with developmental disabilities for a variety of services. MODC has the contract for the Ottawa region.
- (e) Peer Support and Conductive Education® - to assist people who have experienced a stroke or post-polio syndrome to find psychosocial support and re-integrate into the community. MODC offers peer groups, educational information, skill building programs and various conferences and retreats, and through Conductive Education services MODC offers people who have had a stroke or other neuromuscular impairment an innovative intervention based on learning theory. The Conductive Education® program promotes physical literacy, as well as confidence and independence.
- (f) Community Engagement and Integration Services - to enhance the quality of life of adults with physical disabilities through recreation, leisure and social integration, an array of services are provided including BeFriending®, Life skills and Transition Services, ModMobility®, DesignAbility®, Recreation and Travel Services.
- (g) Alternate Communication Services – During the 2016 fiscal year, management determined the need to create a new program combining several services for people with speech impairments, uses of augmentative alternative communication systems and devices.

March of Dimes Canada

Notes to the consolidated financial statements

March 31, 2016

1. Significant accounting policies (continued)

(h) Other services

- (i) Government Relations, Advocacy and Information Services - to address issues within government that affect the well-being and inclusion of people with disabilities and to provide access to information about disability, services and rehabilitation.
- (ii) Business Services - MODC has partnered with Quadrangle Architects to provide AODA consulting services under a joint venture called AccessAbility Advantage®. Other services include Mediation, Payroll, Training, eSSENTIAL Accessibility (delivering an accessible browser technology) and, from time to time, other administrative services.

2. Significant accounting policies

These consolidated financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants of Canada Handbook.

(a) Revenue recognition

MODC follows the deferral method of accounting for contributions.

Government and other grants, fees and sales, program recovery and other revenue are recognized on the accrual basis and are deferred until earned. Government grants relating to capital assets are deferred in an amount equal to the unamortized cost of the related capital assets.

Unexpended program grants and government advances represent funds received for specific programs that have not yet been expensed.

Fundraising revenue includes revenue from direct mail, foundations, United Ways, community campaigns, special events, charitable gaming, bequests and other donations, and is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Donation pledges are not recognized as revenue until received.

Investment income is recognized as earned.

(b) Financial instruments

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. MODC has elected to carry investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, MODC determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset, and the amount MODC expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss is reversed to the extent of the improvement, not exceeding the initial carrying value.

March of Dimes Canada

Notes to the consolidated financial statements

March 31, 2016

2. Significant accounting policies (continued)

(b) Financial instruments (continued)

Restricted investments consist of pooled funds which are valued at the unit values supplied by the pooled fund administrator, which represents MODC's proportionate share of underlying net assets at fair values determined using closing market prices. The change in the difference between the fair value and cost of investments at the beginning and end of each year is reflected in the consolidated statement of revenue and expenses and is transferred to the Ability and Beyond Funds annually.

The carrying amounts of cash and restricted cash, short-term investments, accounts receivable, loan receivable from NPHC, grants and allocations receivable, restricted investments, accounts payable and accrued charges, amount due to NPHC and government advances approximate fair values due to the short-term nature of these financial instruments.

Unless otherwise noted, it is management's opinion that MODC is not exposed to significant interest, currency, market or credit risk arising from financial instruments.

(c) Capital assets

Capital assets are recorded at cost less accumulated amortization. Land associated with the 10 Overlea Boulevard, Toronto property is recorded at deemed cost, being its fair value at April 1, 2011. All other land is recorded at cost. Amortization is recorded at the following bases and annual rates, which are expected to amortize the net cost of these assets over their estimated useful lives:

Asset	Basis	Rate
Buildings	Declining balance	5%
Vehicles	Straight line	5 years
Machinery, equipment, computer hardware and software	Straight line	3 to 7 years
Leasehold improvements	Straight line	Term of related lease

When a capital asset no longer contributes to MODC's ability to provide services, its carrying amount is written down to its residual value.

(d) Intangible asset

MODC acquired the trademark, March of Dimes, in 2005 at a cost of \$1,800,000. The productive life of the trademark was estimated to be 20 years, and \$386,249 was expensed between 2005 and 2009, leaving the asset with a book value of \$1,413,751. Management determined that the trademark has an indefinite life and, accordingly, ceased amortization.

Management reviews the carrying value of the indefinite life intangible asset for impairment, at least annually, whenever events and circumstances indicate that the carrying value of the asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. If the undiscounted expected future cash flows are deemed less than the carrying value of the asset, an impairment loss would be recognized equal to the amount by which the carrying value of the asset exceeds the fair value of the asset.

(e) Donated services

Volunteers contribute a significant number of hours to assist MODC in carrying out its service delivery, administration, as well as Board and advisory activities. Because of the difficulty of determining their fair values, such contributed services are not recognized in the consolidated financial statements.

March of Dimes Canada

Notes to the consolidated financial statements

March 31, 2016

2. Significant accounting policies (continued)

(f) *Allocation of fundraising and general administration expenses*

MODC classifies expenses on the consolidated statement of revenue and expenses by program. MODC allocates certain costs by identifying the appropriate basis of allocating and applying that basis consistently each year. Administration expenses are allocated proportionately on the same percentage as the direct salaries and benefits of the program with consideration of recoverability from funders. Fundraising expense includes all direct costs, including staff, materials and occupancy costs.

(g) *Use of estimates*

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

3. Cash and restricted cash

Restricted cash of \$199,415 (2014 - \$206,335) relates to Bingo, Lottery and Door-to-Door fundraising campaigns.

4. Short-term investments

Short-term investments are comprised of guaranteed investment certificates with maturities dates between May 11, 2016 and September 21, 2016 (2015 – between April 22, 2015 and June 29, 2015) and bear interest from 0.90% and 0.95% (2015 – from 1.00% and 1.40%).

5. Accounts receivable

	2016	2015
	\$	\$
Trade	1,739,605	1,010,613
Program related	1,353,812	1,670,274
Fundraising and United Way	58,227	53,008
Harmonized Sales Tax	238,521	238,522
Other	94,767	135,288
Allowance for doubtful accounts	(72,808)	(25,000)
	<u>3,412,124</u>	<u>3,082,705</u>

6. Controlled organizations

MODC controls the following organizations that are not consolidated in these financial statements:

(a) *March of Dimes Canada Non-Profit Housing Corporation (NPHC)*

NPHC was incorporated by MODC on June 2, 1992, and received continuance approval under the Canada Not-for-profit Corporations Act in May 2013. It had been provincially registered, and was formerly known as Ontario March of Dimes Non-Profit Housing Corporation.

NPHC was formed to provide accessible, affordable, supportive housing, primarily to accommodate persons with physical disabilities. NPHC is a non-profit charitable organization and, as such, is exempt from income taxes.

NPHC's financial statements are prepared in accordance with prescribed accounting policies which are applicable to federal and provincial non-profit housing programs as regulated by the guidelines established by the Regional Municipality of Halton, its major funder.

March of Dimes Canada

Notes to the consolidated financial statements

March 31, 2016

6. Controlled organizations (continued)

(a) March of Dimes Canada Non-Profit Housing Corporation (NPHC) (continued)

Transactions during the year include the following:

- (i) NPHC paid \$7,704 (2015 - \$7,704) to MODC for services provided in connection with certain properties of NPHC. This amount is not reflective of actual costs of administrative and professional services provided by MODC to NPHC.
- (ii) NPHC paid \$Nil (2015 - \$9,561) to MODC for services provided in connection with a special investigation.
- (iii) MODC rents a portion of NPHC premises and pays rent to NPHC. The total charges were \$30,355 for 2016 (2015 - \$29,661).
- (iv) NPHC donated \$41,270 (2015 - \$Nil) to MODC for the Sudbury capital campaign.

(b) Amount due (to) from NPHC consists of the following:

	2016	2015
	\$	\$
During 2016, NPHC transferred excess operating cash of \$500,000 to MODC for the purpose of short-term investment, earning interest of \$943	(500,943)	-
In 2010, NPHC signed a promissory note with MODC for a loan in the amount of \$251,000 to acquire land and building in Sudbury, Ontario. The loan is repayable on demand and bears interest at prime plus 1%	186,262	196,322
Interest receivable on the promissory note	13,955	13,955
Amounts receivable for expenses paid on behalf of NPHC	60,555	45,067
Amount due (to) from MODC	(240,171)	255,344

The following is a summary of financial information extracted from the financial statements of NPHC, and is not included in the consolidated financial statements of MODC:

	2016	2015
	\$	\$
Current assets	1,245,455	1,546,883
Capital assets	7,982,487	8,371,864
	9,227,942	9,918,747
Current liabilities	767,371	715,949
Mortgage payable	4,769,033	5,030,329
Deferred capital contributions	2,778,985	2,918,375
	8,315,389	8,664,653
Fund balances	912,553	1,254,094
	9,227,942	9,918,747

March of Dimes Canada

Notes to the consolidated financial statements

March 31, 2016

6. Controlled organizations (continued)

(b) (continued)

	2016	2015
	\$	\$
Revenue	1,526,668	2,363,647
Expenses, including amortization of \$397,075 (2015 - \$387,601)	1,893,764	1,670,602
(Deficit) excess of revenue over expenses	(367,096)	693,045
Cash flows provided by (used in)		
Operating activities	238,776	243,313
Financing activities	(137,324)	(174,585)
Investing activities	15,108	(69,895)
Net cash inflow (outflow)	116,560	(1,167)

(c) *Rehabilitation Foundation for Disabled Persons Incorporated, U.S. (RFDP, U.S.)*

RFDP, U.S. is incorporated in the United States as a registered charity whose objectives parallel those of MODC. The revenue and expenses are reported in the year end of that subsidiary. The activities of this entity are immaterial to MODC and are not included in these consolidated financial statements.

7. Interest in Joint Venture

MODC entered into a joint venture agreement on June 1, 2010 with Quadrangle Architects Limited to provide services to the public to assist with compliance with the provisions of the Accessibility for Ontarians with Disabilities Act, 2005. No amount was contributed to the joint venture by MODC at the time of the agreement.

MODC accounts for its interest in the joint venture using the equity method, whereby its share of net income or loss of the joint venture is included in the Consolidated statement of revenue and expenses when received. The amount received during 2016 was \$27,982 (2015 - \$57,874).

8. Restricted investments

	2016		2015	
	Cost	Fair value	Cost	Fair value
	\$	\$	\$	\$
Pooled funds	1,817,659	2,273,046	1,817,659	2,281,701

The unrealized loss on restricted investments is \$171,493 for the year ended March 31, 2016 (2015 - \$12,643 gain) and is recorded in investment and other revenue in the Consolidated statement of revenue and expenses. It is transferred from the Operating Fund to the Ability and Beyond Funds (Note 13(e)) each year, as these are the funds invested.

March of Dimes Canada

Notes to the consolidated financial statements

March 31, 2016

9. Capital assets

			2016	2015
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Land	1,901,383	-	1,901,383	1,901,383
Buildings	2,159,096	(1,365,222)	793,874	803,266
Vehicles	693,432	(482,156)	211,276	65,652
Machinery, equipment computer hardware and software	15,712,107	(13,871,801)	1,840,306	1,582,192
Leasehold improvements	3,269,239	(3,061,199)	208,040	218,286
	<u>23,735,257</u>	<u>(18,780,378)</u>	<u>4,954,879</u>	<u>4,570,779</u>

The total cost of capital assets acquired during the year was \$892,789 (2015 - \$498,867), and was partially financed by operating grants of \$457,983 (2015 - \$212,445).

Amortization expense related to donor dollar funded programs totaled \$367,839 (2015 - \$376,020), and the amortization expense relating to government grant funded programs totaled \$140,850 (2015 - \$202,367).

10. Accounts payable and accrued charges

Included in accounts payable and accrued charges are government remittances payable of \$757,917 (2015 - \$1,223,887) for payroll-related taxes, all of which are current.

11. Unexpended program grants and deferred revenue:

MODC receives funds from government and other funding sources where the use of these funds is restricted to certain projects or programs. Unexpended program grants, other than government grants, represent unexpended funds relating to projects in process as at the end of the fiscal year. These programs operate on a break-even basis with any excess of expenses over revenue being funded from donations or fee-based services or being carried forward against subsequent annual operating grants. Due to their restrictive nature, any excess funds from completed programs are either returned to their original source or taken into general revenue after MODC receives the appropriate approval.

MODC receives several designated gifts from donor estates. Deferred revenue includes contributions from the following estates. These contributions are deferred until such time as they are spent as designated by the donor.

	2016	2015
	\$	\$
Balance, beginning of year	1,704,441	1,320,022
Amounts received	3,914,983	5,031,816
Amounts amortized to revenue	(4,288,235)	(4,647,397)
Balance, end of year	<u>1,331,189</u>	<u>1,704,441</u>

March of Dimes Canada

Notes to the consolidated financial statements

March 31, 2016

12. Deferred capital grants

Details of amounts received for capital asset purchases and amortization of the balances are as follows:

	2016	2015
	\$	\$
Balance, beginning of year	1,230,141	1,220,063
Amounts received	457,983	212,445
Amounts amortized to revenue	(140,850)	(202,367)
Balance, end of year	1,547,274	1,230,141

13. Internally restricted funds

(a) Capital Reserve Fund

In fiscal 2004, the Board established a separate Capital Reserve to build a cash reserve for future major capital needs at 10 Overlea Boulevard, Toronto, such as roof replacement, etc. and allocates funds at the end of each year. From 2004, this amount was of \$25,000. The Board reviews the year-end balance each year and has approved increases to the allocation. An allocation of \$150,000 for 2016 has been approved by the Board (2015 - \$300,000).

(b) Stabilization Reserve Fund

MODC established a Stabilization Reserve policy to address both short- and long-term needs. The purpose of the Stabilization Reserve is to build working capital and to provide MODC with the assurance that funds are available when needed due to unforeseen operating shortfalls, or for new initiatives and pilot projects. The board amended the policy in 2014 from three months to an inclusive range of three to six months of operating expense, minus the amount covered by government grant commitments. While the minimum target has been achieved, the Organization is striving to achieve the current maximum level of \$6,916,470. The Board allocates funds at the end of each fiscal year based on available surplus revenue.

(c) Major IT Capital Reserve

In 2015, the Board established a separate Major IT Capital Reserve to build a cash reserve for future major IT software and hardware upgrades and or replacements. An allocation of \$600,000 was approved by the board for 2016 (2015 - \$400,000).

(d) Minor Capital Reserve

In 2016, the Board established this fund to be used for equipment and furnishings capital expenditures and allocated \$250,000 (2015 - \$Nil) to this fund. Previously, the Stabilization reserve fund was used to fund equipment and furnishings capital expenditures.

(e) Ability and Beyond Funds

The Board has internally restricted these funds and refers to them cumulatively as the Ability and Beyond Funds. It was originally intended that only the revenue earned on the fund balances would be used to fund designated activities, but opportunities to enhance proposals have since led to Board approval for the principal to be expended.

(i) Paul Martin Senior Biomedical and Rehabilitation Research Fund

Over 20 years ago, MODC established this fund to contribute to significant research that aims to alleviate, prevent or treat a disabling condition. Until 2014 only earned income was expended.

In 2015, MODC entered into a partnership with the University of Toronto and established the March of Dimes Paul J.J. Martin Early Career Professorship with a total commitment of \$1.5 million over six years (Note 16(b)). In December 2014, the first payment of \$500,000 was made. In 2016, the Board allocated \$Nil (2015 - \$100,000) to this fund and made a second payment of \$500,000.

March of Dimes Canada

Notes to the consolidated financial statements

March 31, 2016

13. Internally restricted funds (continued)

(e) *Ability and Beyond Funds (continued)*

(ii) *Dr. Ed and Bobbie Yielding Fund*

In 2013, the Board added this fund to the internally restricted Ability and Beyond Funds, in memory of Dr. Ed and Bobbie Yielding, when the former left a significant bequest and had expressed an interest in Stroke Recovery.

(iii) *Sydney Cope Recreation Fund*

In 1996, the Board established this fund to support recreation programs and in 2014 a 20 passenger bus was purchased for recreational programs and out trips. This bus is part of the fleet for MODMobility®. In 2016, the Board allocated \$Nil (2015 - \$100,000).

(iv) *Program Development and Evaluation Reserve Fund*

This fund has been established to engage expertise to conduct methodologically and ethically sound evaluations on program results, as well as customer needs and satisfaction surveys with a focus on developing national initiatives that can become self-sustaining. In 2016, the Board allocated \$300,000 (2015 - \$200,000) to this fund.

(v) *Dr. Maxwell and Elizabeth Yan Fund for Conductive Education*

In 1989, the Board established this fund to provide academic awards to students who wish to pursue a degree in Conductive Education and the professional qualification of Conductor. In 2015-2016, the Board allocated \$Nil (2015 - \$110,000) to this fund.

(vi) *John Haas Fund for Assistive Technology Fund*

In 2015, the Board established the fund to provide assistive technology for persons with severe disabilities outside Ontario.

(vii) *Housing Development Fund*

In 2001, the Board established this fund to conduct feasibility studies and all necessary professional services that support expanding the availability of affordable, accessible supportive housing but not actual construction. In 2016, the Board allocated \$200,000 (2015 - \$Nil) to this fund.

March of Dimes Canada

Notes to the consolidated financial statements

March 31, 2016

13. Internally restricted funds (continued)

The Details of the Ability and Beyond Fund balance are as follows:

	2016	2015
	\$	\$
Balance, beginning of year	2,993,603	2,703,602
Donations	-	4,894
Investment income	162,838	215,716
Expenses, including grants and awards	(823,371)	(803,252)
Unrealized (loss) gain on restricted investments (Note 8)	(171,493)	12,643
Transfer to Paul Martin Senior Biomedical and Rehabilitation Research Fund	-	100,000
Transfer to Sydney Cope Recreation Fund	-	100,000
Transfer to Housing Development Fund	200,000	-
Transfer to Program Development and Evaluation Reserve Fund	300,000	200,000
Transfer to Dr. Maxwell and Elizabeth Yan Fund for Conductive Education	-	110,000
Transfer to John Haas Fund for Assistive Technology Fund	-	150,000
Balance, end of year	2,661,577	2,993,603

14. Charitable gaming revenue and expenses

The Alcohol and Gaming Commission of Ontario requires disclosure of the following information on Nevada break-open ticket lotteries. Revenue from these lotteries is included in fundraising revenue and expenses are included in fundraising expenses as follows:

	2016	2015
	\$	\$
Net proceeds	395,735	351,240
Administration costs:		
Location commission	74,933	66,817
Alcohol and Gaming Commission of Ontario fees	52,169	46,447
Tickets	50,964	45,304
Agent commission	45,880	41,055
License fees	23,437	20,832
	247,383	220,455
	148,352	130,785

March of Dimes Canada

Notes to the consolidated financial statements

March 31, 2016

15. Contracts with the Ministry of Community and Social Services (the "Ministry")

MODC has a variety of Service Contracts throughout Ontario with this Ministry. As required, a Transfer Payment Annual Reconciliation is provided to the Ministry for each of the Service Contracts listed below:

	Project code	Revenue	Expenses	Net	Cash funding	Receivable (payable)
	\$	\$	\$	\$	\$	\$
London						
Home and Vehicle						
Modification program	8618	1,382,400	1,382,400	-	1,382,400	-
Home and Vehicle						
Modification program	8621	9,245,700	9,245,700	-	9,245,700	-
Total HVMP		10,628,100	10,628,100	-	10,628,100	-
Ottawa						
Passport Initiative	8883	15,394,973	15,394,973	-	14,631,700	763,273
Thunder Bay						
Rehabilitation services	8868	208,000	208,000	-	208,000	-
Niagara						
PET program	8868	152,615	152,615	-	152,615	-
Kingston						
School aged contract	8868	15,634	15,634	-	15,634	-
Total Ministry Grants requiring TPAR		26,399,322	26,399,322	-	25,636,049	763,273
London						
Employment Supports Special Funding	8612	2,670	2,670	-	3,500	(830)
Niagara						
Employment Supports Special Funding	8612	374	374	-	500	(126)
Hamilton						
Employment Supports Special Funding	8612	1,292	1,292	-	9,000	(7,708)
West Central						
Employment Supports Special Funding	8612	-	-	-	3,500	(3,500)
Sudbury						
Employment Supports Special Funding	8612	8,485	8,485	-	10,080	(1,595)
North Bay						
Employment Supports Special Funding	8612	8,447	8,447	-	8,416	31
Thunder Bay						
Employment Supports Special Funding	8612	7,656	7,656	-	14,532	(6,876)
Hamilton Peer Mentoring project	8612	32,651	32,651	-	35,595	(2,944)
Total Employment Supports Special Funding		61,575	61,575	-	85,123	(23,548)
Total Ministry grants		26,460,897	26,460,897	-	25,721,172	739,725

16. Credit facility

MODC entered into a credit agreement with its lenders for a line of credit of \$2,000,000 and a letter of credit facility of \$100,000, which is secured by term deposits or balances on accounts held with the bank. The line of credit facility is covered by a General Security Agreement with a floating charge specific to the assets located at 10 Overlea Boulevard, Toronto that are repayable on demand. The operating line of credit bears interest at MODC's bank prime rate on amounts drawn. At March 31, 2016, \$Nil amount has been drawn from this facility (2015 - \$Nil).

March of Dimes Canada

Notes to the consolidated financial statements

March 31, 2016

17. Commitments and contingencies

(a) Operating

In the normal course of operations, MODC enters into a variety of commitments and incurs various contingencies. These are not accounted for until the amounts are reasonably determinable.

MODC has commitments for its leased equipment and premises. The approximate future minimum annual lease payments are as follows:

	Equipment	Premises	Total
	\$	\$	\$
2017	116,095	2,496,201	2,612,296
2018	83,074	1,391,983	1,475,057
2019	57,400	1,055,763	1,113,163
2020	33,381	700,285	733,666
2021	4,950	450,637	455,687
Thereafter	-	1,266,170	1,266,170
	<u>294,900</u>	<u>7,361,039</u>	<u>7,655,939</u>

(b) University of Toronto pledge

MODC pledged a total of \$1.5 million up to 2021 to the University of Toronto's "Department of Occupational Science and Occupational Therapy", in the Faculty of Medicine, in support of the March of Dimes Paul J. J. Martin Early Career Professorship in community integration following acquired brain injury (Note 12 (e)(i)). The future minimum and annual pledge payments are as follows:

	\$
2017	100,000
2018	100,000
2019	100,000
2020	100,000
2021	100,000
	<u>500,000</u>

18. Pension plan

MODC provides pension benefits for substantially all of its permanent employees through a defined contribution plan. Mandatory contributions are required from both participating permanent employees and MODC in accordance with established contribution rates. For the year ended March 31, 2016, MODC incurred \$991,237 (2015 - \$983,511) as its pension contribution expense.

March of Dimes Canada

Notes to the consolidated financial statements

March 31, 2016

19. Allocation of expenses

Administration expenses of \$6,406,527 (2015 - \$6,010,581) have been allocated as follows:

	2016	2015
	\$	\$
Independent Living Services	6,009,760	5,483,248
Employment Services	152,946	287,325
AccessAbility® Services	138,240	138,240
Passport Services	92,407	101,768
Community Engagement and Integration Services	13,174	-
	6,406,527	6,010,581

20. Comparative amounts

The following prior year comparative amounts have been reclassified to conform to the current year's financial statement presentation.

	As Amended	As previously stated
	\$	\$
Consolidated statement of financial position:		
Cash and restricted cash	8,698,494	12,813,102
Short-term investments	4,114,608	-
Accounts receivable	3,082,705	3,338,049
Amount due from NPHC	255,344	-
Consolidated statement of revenue and expenses:		
Revenue		
Fees	14,695,561	14,561,245
Investment and other	1,026,466	1,160,782
Expenses		
Peer Support and Conductive Education	-	1,633,094
Community Engagement and Integration Services	2,635,415	1,002,321
	34,508,593	34,508,593

The Consolidated statement of cash flows was amended accordingly.