
Consolidated financial statements of March of Dimes Canada

March 31, 2021

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Independent Auditor's Report

To the Board of Directors of
March of Dimes Canada

Qualified Opinion

We have audited the consolidated financial statements of March of Dimes Canada ("MODC"), which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statements of revenue and expenses, changes in fund balances and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of MODC as at March 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 Qualified Opinion

In common with many not-for-profit 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 recorded revenue, the excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2021 and 2020, current assets as at March 31, 2021 and 2020, and fund balances as at April 1 and March 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended March 31, 2020 was modified accordingly because of the possible effects of this scope limitation.

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 MODC 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 audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 MODC's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate MODC or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing MODC'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 GAAS 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 GAAS, 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 MODC'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 MODC'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 MODC 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within MODC to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our qualified audit opinion.

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.

Deloitte LLP

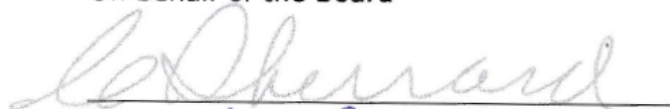
Chartered Professional Accountants
Licensed Public Accountants
July 27, 2021


March of Dimes Canada
Consolidated statement of financial position
As at March 31, 2021

	Notes	2021	2020
		\$	\$
			(Note 20)
Assets			
Current assets			
Cash and restricted cash	3	12,739,383	16,408,736
Short-term investments	4	82,558	181,791
Accounts receivable	5	7,590,153	5,813,238
Amount due from March of Dimes Canada Non-Profit Housing Corporation ("NPHC")	6(a)	349,612	767,997
Prepaid expenses		512,840	385,179
		21,274,546	23,556,941
Restricted investments	7	15,986,473	5,980,986
Capital assets	8	4,832,756	5,422,769
Intangible asset	9	1,413,751	1,413,751
		43,507,526	36,374,447
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	10	10,993,133	8,666,008
Unexpended program grants and deferred revenue	11	2,832,299	2,049,383
Government advances		3,494,894	1,652,480
		17,320,326	12,367,871
Deferred capital grants	12	37,878	1,245,228
		17,358,204	13,613,099
Commitments	17		
Fund balances			
Internally restricted funds			
Invested in capital and intangible assets		6,208,629	5,591,292
Operating Reserve	13(a)	9,637,077	8,454,186
Building Reserve	13(b)	2,021,019	1,648,513
Capital Reserve	13(c)	2,462,087	2,122,553
Ability and Beyond Reserve	13(d)	5,820,510	4,944,804
		26,149,322	22,761,348
		43,507,526	36,374,447

The accompanying notes are integral part of the consolidated financial statements.

On behalf of the Board

 _____, Director

 _____, Director

March of Dimes Canada
Consolidated statement of revenue and expenses
Year ended March 31, 2021

	Notes	Internally restricted funds			2021 Total \$	2020 Total \$
		Operating fund \$	Ability and Beyond \$	Other Reserves \$		
						(Note 20)
Revenue						
Government grants		97,081,034	—	—	97,081,034	86,862,973
Fee for service		41,047,318	—	—	41,047,318	35,691,354
Program recovery		549,677	—	—	549,677	597,834
Philanthropy and non-government grants	14	6,163,495	—	—	6,163,495	7,054,392
Investment and other	7	1,325,530	902,602	1,162,837	3,390,969	2,299,961
		146,167,054	902,602	1,162,837	148,232,493	132,506,514
Expenses						
Programs						
Community Support Services		84,552,256	—	—	84,552,256	70,888,516
Employment Services		29,270,776	—	—	29,270,776	27,908,745
AccessAbility® Services		11,645,693	—	—	11,645,693	11,655,494
Community Programs and After Stroke		4,504,592	—	—	4,504,592	6,197,970
Advocacy and Public Affairs		234,440	—	—	234,440	283,690
		130,207,757	—	—	130,207,757	116,934,415
Philanthropy	14	2,834,518	—	—	2,834,518	2,676,902
Administration	8	10,987,366	26,896	402,170	11,416,432	12,336,648
Amortization of capital assets	8	7,252	—	378,560	385,812	543,737
		144,036,893	26,896	780,730	144,844,519	132,491,702
Excess of revenue over expenses		2,130,161	875,706	382,107	3,387,974	14,812

The accompanying notes are integral part of the consolidated financial statements.

March of Dimes Canada
Consolidated statement of changes in fund balances
Year ended March 31, 2021

	Notes	Internally restricted funds							2021 Total \$	2020 Total \$
		Operating Fund \$	Invested in capital and intangible assets \$	Operating Reserve \$	Building Reserve \$	Capital Reserve \$	Sub-total \$	Ability and Beyond Reserve \$		
Fund balances, beginning of year	19	—	5,591,292	8,454,186	1,648,513	2,122,553	17,816,544	4,944,804	22,761,348	22,746,536
Excess (deficiency) of revenue over expenses		2,130,161	(406,263)	632,730	203,535	(47,895)	382,107	875,706	3,387,974	14,812
Purchase of capital assets	8	—	1,039,252	(15,652)	(381,029)	(642,571)	—	—	—	—
Deferred capital grants	12	—	(15,652)	15,652	—	—	—	—	—	—
Interfund transfers	13(e)									
Transfer to Operating Reserve		(550,161)	—	550,161	—	—	550,161	—	—	—
Transfer to Building Reserve		(550,000)	—	—	550,000	—	550,000	—	—	—
Transfer to Capital Reserve		(1,030,000)	—	—	—	1,030,000	1,030,000	—	—	—
Fund balances, end of year		—	6,208,629	9,637,077	2,021,019	2,462,087	20,328,812	5,820,510	26,149,322	22,761,348

The accompanying notes are integral part of the consolidated financial statements.

March of Dimes Canada
Consolidated statement of cash flows
Year ended March 31, 2021

	Notes	2021	2020
		\$	\$
			(Note 20)
Operating activities			
Excess of revenue over expenses		3,387,974	14,812
Items not involving cash			
Amortization of capital assets		385,812	543,737
Loss on disposal of capital assets and adjustment to capital assets	8	1,243,453	1,069,513
Amortization of deferred capital grants		(7,252)	(111,482)
Amortization of deferred capital grants related to disposal of capital assets and adjustment to capital assets	8	(1,215,750)	(1,069,513)
Unrealized (gain) loss on restricted investments		(996,074)	322,065
Write-off of goodwill		—	953,140
Changes in non-cash operating working capital			
Accounts receivable		(1,776,915)	828,326
Amount due from NPHC		418,385	(525,210)
Prepaid expenses		(127,661)	193,840
Accounts payable and accrued liabilities		2,327,125	892,917
Unexpended program grants and deferred revenue		782,916	(1,886,361)
Government advances		1,842,414	(1,039,167)
		6,264,427	186,617
Financing activity			
Receipt of deferred capital grants		15,652	310,408
Investing activities			
Restricted investments, net		(9,009,413)	48,536
Purchase of capital assets		(1,039,252)	(1,213,504)
		(10,048,665)	(1,164,968)
Decrease in cash and restricted cash and short – term investments		(3,768,586)	(667,943)
Cash and restricted cash and short-term investments, beginning of year		16,590,527	17,258,470
Cash and restricted cash and short-term investments, end of year		12,821,941	16,590,527
Represented by			
Unrestricted cash		12,594,500	16,244,710
Restricted cash	3	144,883	164,026
Short-term investments	4	82,558	181,791
		12,821,941	16,590,527

The accompanying notes are integral part of the consolidated financial statements.

1. Purpose of the Organization

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 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 charity under the *Income Tax Act (Canada)* and, as such, is exempt from income taxes.

MODC's programs include the following:

- (a) Community Support 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 disabilities to achieve independence through establishing employment plans, delivering training and on-the-job support. Programs offered include assessment services, job skills training, 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) Community Programs and After Stroke - to enhance the quality of life of adults with disabilities through recreation and travel, leisure and social integration, Life skills and Transition Services, ModMobility, DesignAbility, as well as After Stroke and Post-Polio programming.
- (e) Advocacy and Public Affairs - promotes public policy, funding and legislation to improve the lives of people with disabilities.

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 for service, program recovery and other revenue are recognized on the accrual basis and are deferred until earned. Government grants relating to capital assets are deferred and amortized at the same rate as the related capital assets.

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

2. Significant accounting policies (continued)

(a) Revenue recognition (continued)

Philanthropy 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. Financial 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 recognize 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 indication 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.

Restricted investments include 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.

The carrying amounts of cash and restricted cash, short-term investments, accounts receivable, amount due from NPHC, accounts payable and accrued liabilities, and government advances approximate their 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.

2. Significant accounting policies (continued)

(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	5 years
Leasehold improvements	Straight line	Term of related lease

The capitalization threshold for capital assets is \$5,000. 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

Management reviews the carrying value of the indefinite life trademark 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.

2. Significant accounting policies (continued)

(f) 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. Balances which require some degree of estimation and assumptions are investments, allowance for doubtful accounts, intangible asset, accrued liabilities, unexpended program grants and deferred revenue, government advances, deferred capital grants, and amortization of capital assets.

3. Cash and restricted cash

Restricted cash of \$144,883 (\$164,026 in 2020) relating to Bingo and Lottery philanthropy campaigns is included in Cash and restricted cash.

4. Short-term investments

Short-term investments are comprised of a guaranteed investment certificate maturing on July 9, 2021 (maturing between April 28, 2020 and July 10, 2020 in 2020) and bear interest of 0.8% per annum (between 1.1% and 2.1% per annum in 2020). The cost of these short-term investments approximates the fair value due to the short-term nature of the guaranteed investment certificates.

5. Accounts receivable

	2021	2020
	\$	\$
Fee for service	5,768,395	3,966,180
Program fees	1,268,901	1,270,278
Harmonized Sales Tax	393,279	457,258
Other	153,712	95,871
Charitable gaming	31,512	47,788
Grants receivable	2,585	14,119
Allowance for doubtful accounts	(28,231)	(38,256)
	7,590,153	5,813,238

6. Controlled organizations

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

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

Ontario March of Dimes Non-Profit Housing Corporation, now known as NPHC, was provincially registered and was incorporated without share capital by MODC on June 2, 1992. It received continuance approval under the Canada Not-for-profit Corporations Act in May 2013.

6. Controlled organizations (continued)

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

NPHC was formed to provide and operate accessible, affordable, supportive housing, primarily to accommodate persons with physical disabilities. NPHC is a registered charity under the *Income Tax Act (Canada)* 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 stipulated by the guidelines established by the Regional Municipality of Halton, its major funder.

MODC appoints all members of the Board of Directors of NPHC and, as such, exercises control over NPHC.

Transactions during the year with NPHC were as follows:

- (i) NPHC paid \$10,020 (\$8,283 in 2020) to MODC for services provided in connection with properties of NPHC other than the Jean and Howard Caine Apartments. MODC is not reimbursed for the value of the services provided for the Jean and Howard Caine Apartments.
- (ii) MODC rents a portion of NPHC premises and pays rent to NPHC. The total charges were \$39,014 for 2021 (\$34,652 in 2020).

Amount due from NPHC consists of the following:

	2021	2020
	\$	\$
In 2018, NPHC signed a promissory note with MODC for a loan in the amount of \$75,000 to support the expansion of the Standing Oaks building in Sarnia. The loan is repayable on demand and bears interest at the prime rate plus 1%, per annum, but the principal and the accrued interest are due no later than March 31, 2022	65,750	68,750
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 the prime rate plus 1%, per annum, but the loan is payable no later than March 31, 2025	135,962	146,022
Interest receivable on the Sudbury promissory note	13,955	13,955
Amounts receivable from NPHC related for miscellaneous expenses including Sudbury capital project costs	133,945	539,270
	349,612	767,997

6. Controlled organizations (continued)

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

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

	2021	2020
	\$	\$
Current assets	1,189,446	1,525,931
Capital assets	12,396,563	12,961,586
	13,586,009	14,487,517
Current liabilities	910,548	1,360,990
Mortgage payable (long-term)	3,165,224	3,512,201
Deferred capital contributions	8,699,245	8,728,971
	12,775,017	13,602,162
Fund balances	810,992	885,355
	13,586,009	14,487,517

	2021	2020
	\$	\$
Revenue	1,835,960	1,472,696
Expenses, including amortization of \$683,540 (\$458,804 in 2020)	1,857,903	1,475,655
(Deficiency) excess of revenue over expenses	(21,943)	(2,959)
Cash flows provided by (used in)		
Operating activities	(219,051)	545,570
Financing activities	89,271	3,087,491
Investing activities	(176,492)	(3,440,393)
Net cash inflow (outflow)	(306,272)	192,668

(b) *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 fiscal year end of that subsidiary. The activities of this entity are immaterial to MODC and are not included in these consolidated financial statements.

MODC appoints all members of the Board of Directors of RFDP, U.S. and, as such, exercises control over RFDP, U.S.

(c) *Stroke Recovery Association of British Columbia (the "Association")*

The Association is incorporated under British Columbia Societies Act on June 11, 1976 and is a registered charity under the *Income Tax Act (Canada)* and therefore is exempt from income tax. The Association's objectives are to provide stroke recovery services throughout the province of British Columbia.

MODC appoints the majority of the members of the Board of Directors of the Association and, as such, exercises control over the Association.

6. Controlled organizations (continued)

(c) *Stroke Recovery Association of British Columbia (the "Association") (continued)*

Transactions during the year with the Association were as follows:

- (i) MODC total donations and bequests to the Association were \$147,744 (\$133,585 in 2020).
- (ii) MODC rents a portion of the Association premises and pays rent to the Association. The total charges were \$40,555 (\$27,054 in 2020).
- (iii) During the year, the Association paid MODC \$112,485 (\$106,851 in 2020) for administrative salaries and benefits.
- (iv) During the year, the Association paid MODC \$49,197 (\$51,023 in 2020) for professional services rendered.

As at March 31, 2021, MODC has a net receivable from the Association of \$8,623 (\$8,889 in 2020). The balance is interest free and payable on demand.

The following is a summary of financial information extracted from the financial statements of the Association:

	2021	2020
	\$	\$
Current assets	597,444	549,476
Capital assets	258	746
	597,702	550,222
Current liabilities	56,430	44,241
Deferred revenue	488,588	453,297
	545,018	497,538
Fund balances	52,684	52,684
	597,702	550,222
	2021	2020
	\$	\$
Revenue	524,562	548,741
Expenses, including amortization of \$488 (\$488 in 2020)	524,562	543,661
Excess of revenue over expenses	—	5,080
Cash flows provided by		
Operating activities	43,193	24,912
Net cash inflow	43,193	24,912

March of Dimes Canada
Notes to the consolidated financial statements
 March 31, 2021

7. Restricted investments

	Cost	2021 Fair value	Cost	2020 Fair value
	\$	\$	\$	\$
Cash and cash equivalents	51,971	51,971	66,764	66,764
Pooled funds - Ability and Beyond Reserve and other reserves	14,011,409	15,934,502	6,432,461	5,914,222
	14,063,380	15,986,473	6,499,225	5,980,986

During the year \$8,000,000 (nil in 2020) of cash was invested in other reserves' pooled funds.

The unrealized gain (loss) on restricted investments is recorded in investment and other revenue in the consolidated statement of revenue and expenses, and allocated to the Operating Fund and the Ability and Beyond Reserve (Note 13(d)) and other reserves each year, as these are the funds invested.

For the year ended March 31, 2021, the unrealized gain (loss) on restricted investments is as follows:

	2021	2020
	\$	\$
Ability and Beyond Reserve (Note 13d)	517,220	(205,247)
Other reserves	478,854	(116,818)
Total unrealized gain (loss)	996,074	(322,065)

8. Capital assets

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
	\$	\$	\$	\$
Land	1,901,383	—	1,901,383	1,901,383
Buildings	2,692,605	(1,482,957)	1,209,648	890,617
Vehicles	384,629	(384,629)	—	4,633
Machinery, equipment, computer hardware and software	6,456,004	(4,804,235)	1,651,769	2,553,090
Leasehold improvements	155,604	(85,648)	69,956	73,046
	11,590,225	(6,757,469)	4,832,756	5,422,769

The total cost of capital assets acquired during the year was \$1,039,252 (\$1,213,504 in 2020) and was partially financed by capital grants of \$15,652 (\$310,408 in 2020).

Amortization expense for the year totalled \$385,812 (\$543,737 in 2020) of which \$7,252 (\$111,482 in 2020) relates to government funded capital assets.

8. Capital assets (continued)

During the year, capital assets with a cost of \$32,648 and accumulated amortization of \$11,447 were disposed. The resulting loss of \$21,201 is included in administration expenses in the consolidated statement of revenue and expenses.

In addition, during the year, the accumulated amortization of capital assets was increased by \$1,222,252 due to a change in the estimated useful life of capital assets. The expense of \$1,222,252 was mostly offset with the recognition of deferred capital grants of \$1,215,750 (Note 12).

9. Intangible asset

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

10. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$1,088,388 (\$915,746 in 2020) 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 whereby 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 has received the appropriate approval.

MODC received several designated gifts from donor estates, which are included in deferred revenue. These contributions are deferred until such time as they are spent as designated by the donor.

	2021	2020
	\$	\$
Balance, beginning of year	2,049,383	3,935,744
Amounts received	5,134,430	4,647,466
Amounts amortized to revenue	(4,351,514)	(6,533,827)
Balance, end of year	2,832,299	2,049,383

12. Deferred capital grants

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

	2021	2020
	\$	\$
Balance, beginning of year	1,245,228	2,115,815
Contributions received during the year	15,652	310,408
Amounts recognized as revenue	(7,252)	(111,482)
Amounts recognized as revenue related to disposal of capital assets (Note 8)	(1,215,750)	(1,069,513)
Balance, end of year	37,878	1,245,228

13. Internally restricted funds

Amounts incurred during the year that are included on the consolidated statement of revenue and expenses were funded from brought forward balances in the respective internally restricted funds.

(a) Operating Reserve

The Operating Reserve is defined as a designated fund set aside by action of the Board of Directors. The intended use of the Operating Reserve is to maintain core program delivery based on areas of greatest needs under the advisory of the Finance Committee and the Board of Directors.

The minimum amount to be designated as Operating Reserves will be established in an amount sufficient to maintain ongoing operating and program delivery due to temporary or long-term changes in financial circumstances. The Operating Reserve serves a dynamic role and will be reviewed and adjusted in response to both internal and external changes.

The Operating Reserve is not intended to replace a permanent loss of funds or eliminate ongoing budget gap. It is the intention of MODC for the Operating Reserve to be used and replenished within a reasonably short period of time. The Operating Reserve is intended to be replenished with the excess of revenue over expenses in the following year.

The target amount of \$8,000,000 is calculated based on our estimated likelihood of any impact due to catastrophic incidents. It is calculated based on total severances and lease commitments.

The amount of the Operating Reserve target minimum will be calculated every five years and confirmed each year at the approval of the annual budget, reported to the Finance Committee and the Board of Directors, and included in the regular financial reporting. This reserve is kept in long-term investments and would support cash flow needs, as required.

Any investment income generated on unused funds will be invested back into the reserve or augment the funding to the other reserves of MODC, as required.

13. Internally restricted funds (continued)

(b) Building Reserve

The Building Reserve is made of available funds for the repair of MODC owned buildings as well as leaseholds when other sources of funding are not available.

The target amount for the Building Reserve will be determined by MODC's long term-major maintenance plan for owned buildings as well as any known expansion activities. Expenses from the Building Reserve will be approved by the Board of Directors annually.

The target amount of the Building Reserve is \$2,000,000 and fund at least \$100,000 annually from investment income.

(c) Capital Reserve

The Capital Reserve is monitored by the Finance Committee and it is intended for funding minor capital items necessary for the effective ongoing operations of MODC as well as programs and major IT initiatives that are intended to provide investments to build long-term IT infrastructure capacity.

The target amount for the Capital Reserve will be based on ongoing operational needs and the IT strategic plan. Expenses from the Capital Reserve will be approved by the Board of Directors based on a recommendation by the Finance Committee or the Chief Executive Officer.

The target amount of the Capital Reserve is \$2,000,000 and fund at least \$100,000 annually from the investment income.

(d) Ability and Beyond Reserve

The Board of Directors has internally restricted these funds and refers to them cumulatively as the Ability and Beyond ("A&B") Reserve. It is intended that the revenue earned on the fund balances would be used to fund designated activities as below. However, the Board of Directors may choose to expand the principle of this reserve to meet other strategic initiatives that are consistent with MODC's Strategic Plan.

During the fiscal year 2020, the Board of Directors approved a new Reserves Policy and therefore all of the former internally restricted funds that cumulatively make up the A&B Reserve have been restructured as follows:

1. Assistive and Adaptive Technology Fund:

This fund is intended to fund or co-fund innovative projects in partnership with the private sector, not-for-profit organizations and research institutes to develop or provide new assistive and adaptive digital devices and technologies in order to make it easier for Canadians with disabilities to more fully participate in existing and emerging digital environments.

2. Community Program Development Fund:

This fund is intended to support priority driven awareness and philanthropy campaigns that support organizational sustainability or the development of community-based projects, which drive improved outcomes and quality of life for individuals living with a disability. The investments will focus on catalyzing innovation and collaboration and will be based on outcome-focused proposals with an agreed cycle of investment and measurable impact.

13. Internally restricted funds (continued)

(d) *Ability and Beyond Reserve (continued)*

3. *Research and Knowledge Innovation Fund/Quality Initiatives (Paul Martin Fund):*

This fund is intended to support a range of different contributory research disciplines that seek to accelerate the evidence and knowledge gained from team scientific investigation and studies to improve the life and well-being of individuals, families, groups, and communities associated with disability, breaking through barriers encountered in all aspects of daily living.

The A&B Reserve may be funded with special designations made by the Board of Directors for any new break through opportunities. The target amount of the A&B Reserve will be \$5,000,000 and fund at least \$250,000 annually from the investment income.

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

	2021	2020
	\$	\$
Balance, beginning of year	4,944,804	4,881,117
Investment income	385,382	3,700
Expenses	(26,896)	(1,484,766)
Unrealized gain (loss) on restricted investments (Note 7)	517,220	(205,247)
Transfer to Research and Knowledge Innovation Fund	—	374,000
Transfer to Community Program Development Fund	—	494,000
Transfer to Assistive and Adaptive Technology Fund	—	882,000
Balance, end of year	5,820,510	4,944,804

(e) *Inter-fund transfers*

During the year, the Board of Directors approved the following interfund transfers:

- (i) \$550,161 (\$541,125 in 2019) from the Operating Fund to the Operating Reserve.
- (ii) \$550,000 (\$nil in 2019) from the Operating Fund to the Building Reserve.
- (iii) \$1,030,000 (\$1,000,000 in 2019) from the Operating Fund to the Capital Reserve.
- (iv) \$nil (\$1,750,000 in 2019) from the Operating Fund to the Ability and Beyond Reserve.

14. Charitable gaming revenue and expenses

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

14. Charitable gaming revenue and expenses (continued)

	2021	2020
	\$	\$
Net proceeds	278,775	292,225
Administration costs		
Location commission	54,092	55,591
Alcohol and Gaming Commission of Ontario fees	—	17,821
Tickets	35,919	37,954
Agent commission	32,695	34,306
License fees	16,755	17,315
	139,461	162,987
	139,314	129,238

15. Contracts with the Ministry of Children, Community and Social Services

MODC has a variety of Service Contracts throughout Ontario with Ministry of Children, Community and Social Services (the "Ministry"). As required, a Transfer Payment Annual Reconciliation ("TPAR") is provided to the Ministry for each of the Service Contracts listed below:

	Project code	Revenue	Expenses	Net	Cash funding	2021 Receivable (payable)
		\$	\$	\$	\$	\$
London						
Home and Vehicle Modification program	8246	10,628,100	10,628,100	—	10,628,100	—
Ottawa						
Passport Initiative	F605	795,099	795,099	—	821,111	(26,012)
The Warehouse Project	F606	214,142	214,142	—	214,142	—
Niagara						
Personal Effectiveness Training program	F606	132,178	132,178	—	157,615	(25,437)
Total Ministry grants		11,769,519	11,769,519	—	11,820,968	(51,449)

15. Contracts with the Ministry of Children, Community and Social Services (continued)

	Project code	Revenue \$	Expenses \$	Net \$	Cash funding \$	2020 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	F707	787,123	787,123	—	800,011	(12,888)
Thunder Bay						
Rehabilitation services	8868	214,142	214,142	—	214,142	—
Niagara						
Personal Effectiveness Training program	8868	157,615	157,615	—	157,615	—
Kingston						
School aged contract	F712	2,053	2,053	—	14,370	(12,317)
Total Ministry grants		11,789,033	11,789,033	—	11,814,238	(25,205)

16. Credit facilities

- (i) MODC has a credit agreement with a lender 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 lender. 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. No amount had been drawn from this facility as at March 31, 2021 and 2020. This facility will be closed in fiscal year 2022.
- (ii) During the year, MODC entered into a new credit agreement for a demand line of credit of \$4,000,000 and a letter of credit facility of \$100,000 which is secured by a first priority claim on all present and future property of MODC. No amount had been drawn from this facility as at March 31, 2021.
- (iii) During the year, MODC entered into an unsecured revolving lease line of credit by way of lease agreement of \$1,000,000. No amount had been drawn from this facility as at March 31, 2021.

17. Commitments

Operating leases

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.

17. Commitments (continued)

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

	Equipment \$	Premises \$	Total \$
2022	153,291	3,094,432	3,247,723
2023	106,155	2,108,070	2,214,225
2024	71,265	1,441,404	1,512,669
2025	29,040	1,024,909	1,053,949
2026	2,231	287,434	289,665
Thereafter	—	585,330	585,330
	<u>361,982</u>	<u>8,541,579</u>	<u>8,903,561</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, 2021, MODC incurred \$1,728,688 (\$1,520,029 in 2020) as its pension contribution expense.

19. Significant event - COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel corona virus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put into place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the severity and length of these developments will have on the financial results and condition of MODC in future periods.

20. Comparative amounts

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

	As Amended \$	2020 As previously presented \$
Consolidated statement of financial position		
Current assets		
Accounts receivable	5,813,238	5,799,119
Grants and allocations receivable	—	14,119
	<u>5,813,238</u>	<u>5,813,238</u>
Consolidated statement of revenue and expenses		
Revenue		
Government grants	86,862,973	87,604,884
Fee for service	35,691,354	33,637,317
Program recovery	597,834	603,705
Philanthropy and non-government grants	7,054,392	8,302,087
Investment and other	2,299,961	2,358,521
	<u>132,506,514</u>	<u>132,506,514</u>
Expenses		
Programs		
Employment Services	27,908,745	27,239,631
Passport Services	—	669,114
	<u>27,908,745</u>	<u>27,908,745</u>

The consolidated statement of cash flows was amended accordingly.