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# Consolidated financial statements of March of Dimes Canada

March 31, 2023

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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, 2023, 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, 2023, 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 (deficiency) excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2023 and 2022, current assets as at March 31, 2023 and 2022, and fund balances as at April 1 and March 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended March 31, 2022 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 qualified 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 25, 2023

**March of Dimes Canada**  
**Consolidated statement of financial position**  
As at March 31, 2023

	Notes	2023 \$	2022 \$ (Note 18)
<b>Assets</b>			
Current assets			
Cash and restricted cash	3	<b>16,924,124</b>	16,109,231
Accounts receivable	4	<b>5,678,344</b>	6,633,124
Amount due from March of Dimes Canada Non-Profit Housing Corporation ("NPHC")	5(a)	<b>188,554</b>	208,318
Prepaid expenses		<b>543,163</b>	494,326
		<b>23,334,185</b>	23,444,999
Restricted investments	6	<b>16,635,478</b>	16,358,095
Capital assets	7	<b>4,390,731</b>	5,669,834
Intangible asset	8	<b>1,413,751</b>	1,413,751
		<b>45,774,145</b>	46,886,679
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	9	<b>11,431,335</b>	11,522,169
Unexpended program grants and deferred revenue	10	<b>3,107,139</b>	3,016,712
Government advances		<b>5,246,056</b>	4,087,193
		<b>19,784,530</b>	18,626,074
Deferred capital grants	11	<b>711,391</b>	762,947
		<b>20,495,921</b>	19,389,021
Commitments	15		
<b>Fund balances</b>			
Internally restricted funds			
Invested in capital and intangible assets		<b>5,093,091</b>	6,320,638
Operating Reserve	12(a)	<b>10,010,437</b>	9,659,786
Infrastructure Reserve	12(b)	<b>4,996,441</b>	5,743,035
Strategic Opportunity Reserve	12(c)	<b>5,178,255</b>	5,774,199
		<b>25,278,224</b>	27,497,658
		<b>45,774,145</b>	46,886,679

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

On behalf of the Board

 , Chair, Board of Directors  
 , Chair, Risk and Audit Committee

**March of Dimes Canada**  
**Consolidated statement of revenue and expenses**  
Year ended March 31, 2023

	Notes	Internally restricted funds					2023 Total \$	2022 Total \$
		Operating fund \$	Invested in capital and intangible assets \$	Operating Reserve \$	Infrastructure Reserve \$	Strategic Opportunity Reserve \$		
(Note 18)								
<b>Revenue</b>								
Government grants		111,195,723	—	—	—	—	111,195,723	103,485,257
Fee for service		43,407,046	—	—	—	—	43,407,046	48,334,332
Philanthropy and non-government grants	13	6,888,715	—	—	—	—	6,888,715	6,335,870
Investment and other	6	610,789	165,415	161,119	63,959	129,516	1,130,798	630,747
		<b>162,102,273</b>	<b>165,415</b>	<b>161,119</b>	<b>63,959</b>	<b>129,516</b>	<b>162,622,282</b>	158,786,206
<b>Expenses</b>								
Programs								
Community Support Services		98,853,285	—	—	—	—	98,853,285	95,089,963
Employment Services		25,186,637	—	—	—	—	25,186,637	31,577,805
Home and Vehicle Modification Program		15,485,340	—	—	—	—	15,485,340	10,372,860
Donor Funded Programs		7,139,053	—	—	—	725,460	7,864,513	6,540,581
Advocacy and Public Affairs		770,154	—	—	—	—	770,154	240,451
		<b>147,434,469</b>	—	—	—	<b>725,460</b>	<b>148,159,929</b>	143,821,660
Philanthropy	13	3,106,481	—	—	—	—	3,106,481	2,890,403
Administration		11,157,589	—	214,202	234,357	—	11,606,148	10,205,774
Amortization of capital assets	7	—	861,283	—	—	—	861,283	509,101
Loss on disposal of capital assets	7	—	1,107,875	—	—	—	1,107,875	10,932
		<b>161,698,539</b>	<b>1,969,158</b>	<b>214,202</b>	<b>234,357</b>	<b>725,460</b>	<b>164,841,716</b>	157,437,870
<b>(Deficiency) excess of revenue over expenses</b>								
		<b>403,734</b>	<b>(1,803,743)</b>	<b>(53,083)</b>	<b>(170,398)</b>	<b>(595,944)</b>	<b>(2,219,434)</b>	1,348,336

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, 2023

	Notes	Internally restricted funds					2023 Total \$	2022 Total \$
		Operating Fund \$	Invested in capital and intangible assets \$	Operating Reserve \$	Infrastructure Reserve \$	Strategic Opportunity Reserve \$		
<b>Fund balances, beginning of year</b>	17	—	6,320,638	9,659,786	5,743,035	5,774,199	27,497,658	26,149,322
(Deficiency) excess of revenue over expenses		403,734	(1,803,743)	(53,083)	(170,398)	(595,944)	(2,219,434)	1,348,336
Purchase of capital assets	7	—	690,055	(113,859)	(576,196)	—	—	—
Deferred capital grants	11	—	(113,859)	113,859	—	—	—	—
Interfund transfers								
Transfer to Operating Reserve	12(d)	(403,734)	—	403,734	—	—	—	—
<b>Fund balances, end of year</b>		—	5,093,091	10,010,437	4,996,441	5,178,255	25,278,224	27,497,658

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

**March of Dimes Canada**  
**Consolidated statement of cash flows**  
Year ended March 31, 2023

	Notes	2023 \$	2022 \$
<b>Operating activities</b>			
(Deficiency) excess of revenue over expenses		<b>(2,219,434)</b>	1,348,336
Items not involving cash			
Amortization of capital assets		<b>861,283</b>	509,101
Loss on disposal of capital assets	7	<b>1,107,875</b>	10,932
Amortization of deferred capital grants		<b>(165,415)</b>	(48,392)
Change in unrealized losses on restricted investments		<b>(162,995)</b>	883,500
Changes in non-cash operating working capital			
Accounts receivable		<b>954,780</b>	957,029
Amount due from NPHC		<b>19,764</b>	141,294
Prepaid expenses		<b>(48,837)</b>	18,514
Accounts payable and accrued liabilities		<b>(90,834)</b>	529,036
Unexpended program grants and deferred revenue		<b>90,427</b>	184,413
Government advances		<b>1,158,863</b>	592,299
		<b>1,505,477</b>	5,126,062
<b>Financing activity</b>			
Receipt of deferred capital grants		<b>113,859</b>	773,461
<b>Investing activities</b>			
Purchase of restricted investments, net		<b>(114,388)</b>	(1,255,122)
Purchase of capital assets		<b>(690,055)</b>	(1,357,111)
		<b>(804,443)</b>	(2,612,233)
Increase in cash and restricted cash		<b>814,893</b>	3,287,290
Cash and restricted cash and short-term investments, beginning of year		<b>16,109,231</b>	12,821,941
<b>Cash and restricted cash, end of year</b>		<b>16,924,124</b>	16,109,231
<b>Represented by</b>			
Unrestricted cash		<b>16,690,627</b>	15,913,552
Restricted cash	3	<b>233,497</b>	195,679
		<b>16,924,124</b>	16,109,231

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

## **1. Purpose of the Organization**

March of Dimes Canada ("MODC") is a national registered charity committed to championing equity, empowering ability, and creating real change that will help the more than six million people living with disabilities across the country unlock the richness of their lives.

The organization has evolved over its history, which began in 1951 when the Canadian Foundation for Poliomyelitics was incorporated 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 5 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 - Essential services supporting people with disabilities and/or brain injuries to live independently at home and in the community, including outreach attendant services, supportive housing, brain injury services, and Northern Medical Clinics.
- (b) Employment Services - Services supporting people with disabilities to achieve financial security through the pursuit and achievement of their employment goals. Programs include specialized assessment services, job skills training, placement services, Canadian Veterans Vocational Rehabilitation Services, and technology support through the TELUS Tech for Good program.
- (c) Home and Vehicle Modification Program - Program supporting people with disabilities to maximize their safety and independence through government-funded grants for home and vehicle accessibility renovations and retrofits.
- (d) Donor Funded Programs - Programs and services fostering active, healthy, connected lives for people with disabilities and their families across all life stages, including skill development and transition support programs for children and youth, virtual peer support and skill development programs, After Stroke, and research and evaluation initiatives to inform design of client-centred, high-impact programs.
- (e) Advocacy and Public Affairs - Programs and activities that aim to advance MODC's vision of an inclusive, barrier-free society, including organizational and consumer advocacy promoting legislation, policy and funding that improve equity, opportunity, and quality of life for 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 non-government grants, fees for service, 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.

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, 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. 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%
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.

*(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 valuation of 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 \$233,497 (\$195,679 in 2022) relating to Bingo and Lottery philanthropy campaigns is included in Cash and restricted cash.

**4. Accounts receivable**

	<b>2023</b>	2022
	\$	\$
Fee for service	<b>3,662,378</b>	6,070,722
Property cost recoverable	<b>958,656</b>	—
Harmonized Sales Tax	<b>578,065</b>	385,960
Program fees	<b>340,108</b>	29,768
Stroke Recovery Association of British Columbia (Note 5(c))	<b>1,314</b>	6,933
Other	<b>123,005</b>	123,120
Charitable gaming	<b>14,818</b>	16,621
	<b>5,678,344</b>	6,633,124

**5. 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.

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 \$8,736 (\$8,736 in 2022) 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 \$29,590 (\$29,248 in 2022).

**5. Controlled organizations (continued)**

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

Amount due from NPHC consists of the following:

	<b>2023</b>	2022
	\$	\$
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, 2025	<b>59,750</b>	62,750
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	<b>115,843</b>	125,902
Interest receivable on the Sudbury promissory note	<b>13,955</b>	13,955
Amounts (payable) receivable from NPHC related for miscellaneous expenses	<b>(994)</b>	5,711
	<b>188,554</b>	208,318

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:

	<b>2023</b>	2022
	\$	\$
Current assets	<b>1,033,604</b>	1,089,079
Capital assets	<b>11,509,183</b>	12,008,872
	<b>12,542,787</b>	13,097,951
Current liabilities	<b>716,457</b>	846,384
Mortgage payable (long-term)	<b>2,457,504</b>	2,808,147
Deferred capital contributions	<b>8,448,534</b>	8,670,275
	<b>11,622,495</b>	12,324,806
Fund balances	<b>920,292</b>	773,145
	<b>12,542,787</b>	13,097,951

**5. Controlled organizations (continued)**

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

	<b>2023</b>	2022
	<b>\$</b>	\$
Revenue	<b>1,934,637</b>	1,688,606
Expenses, including amortization of \$610,867 (\$610,797 in 2022)	<b>1,737,297</b>	1,701,315
Excess (deficiency) of revenue over expenses	<b>197,340</b>	(12,709)
Cash flows provided by (used in)		
Operating activities	<b>297,274</b>	202,019
Financing activities	<b>(150,184)</b>	(154,394)
Investing activities	<b>(157,573)</b>	(93,047)
Net cash outflow	<b>(10,483)</b>	(45,422)

(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.

Transactions during the year with the Association were as follows:

- (i) MODC total donations and bequests to the Association were \$47,300 (\$114,557 in 2022).
- (ii) MODC rents a portion of the Association premises and pays rent to the Association. The total charges were \$55,366 (\$42,162 in 2022).
- (iii) During the year, the Association paid MODC \$120,470 (\$116,103 in 2022) for administrative salaries and benefits.
- (iv) During the year, the Association paid MODC \$47,300 (\$47,300 in 2022) for professional services rendered.

As at March 31, 2023, MODC has a net receivable from the Association of \$1,314 (\$6,933 in 2022). The balance is interest free and payable on demand.

**5. Controlled organizations (continued)**

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

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

	<b>2023</b>	2022
	<b>\$</b>	<b>\$</b>
Current assets	<b>616,990</b>	568,950
Capital assets	<b>—</b>	<b>—</b>
	<b>616,990</b>	568,950
Current liabilities	<b>33,131</b>	45,164
Deferred revenue	<b>520,673</b>	471,102
	<b>553,804</b>	516,266
Fund balances	<b>63,186</b>	52,684
	<b>616,990</b>	568,950
	<b>2023</b>	2022
	<b>\$</b>	<b>\$</b>
Revenue	<b>469,152</b>	537,715
Expenses	<b>458,650</b>	537,715
Excess of revenue over expenses	<b>10,502</b>	<b>—</b>
Cash flows provided (used) by		
Operating activities	<b>47,783</b>	(25,764)
Net cash inflow	<b>47,783</b>	(25,764)

**6. Restricted investments**

	<b>2023</b>		2022
	<b>Cost</b>	<b>Fair value</b>	<b>Cost</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Pooled funds - Strategic Opportunity Reserve	<b>4,465,423</b>	<b>4,714,712</b>	4,535,250
Pooled funds - Infrastructure Reserve	<b>3,312,407</b>	<b>2,989,318</b>	2,939,263
Pooled funds - Operating Fund	<b>9,409,802</b>	<b>8,931,448</b>	9,049,756
	<b>17,187,632</b>	<b>16,635,478</b>	16,747,254
			16,358,095

**6. Restricted investments (continued)**

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 internally restricted funds.

For the year ended March 31, 2023, the change in unrealized gains (losses) on restricted investments is as follows:

	<b>2023</b>	2022
	\$	\$
		(Note 18)
Strategic Opportunity Reserve	<b>177,541</b>	(299,972)
Infrastructure Reserve	<b>(100,103)</b>	(158,765)
Operating Reserve	<b>(240,433)</b>	(424,763)
Total unrealized loss	<b>(162,995)</b>	(883,500)

**7. Capital assets**

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2023 Net book value</b>	2022 Net book value
	\$	\$	\$	\$
Land	<b>1,860,000</b>	—	<b>1,860,000</b>	1,860,000
Buildings	<b>44,094</b>	<b>(25,847)</b>	<b>18,247</b>	1,142,674
Machinery, equipment, computer hardware and software	<b>4,160,120</b>	<b>(1,730,543)</b>	<b>2,429,577</b>	2,599,730
Leasehold improvements	<b>150,120</b>	<b>(67,213)</b>	<b>82,907</b>	67,430
	<b>6,214,334</b>	<b>(1,823,603)</b>	<b>4,390,731</b>	5,669,834

The total cost of capital assets acquired during the year was \$690,055 (\$1,357,111 in 2022) and was partially financed by capital grants of \$113,859 (\$773,461 in 2022).

Amortization expense for the year totaled \$861,283 (\$509,101 in 2022) of which \$165,415 (\$48,392 in 2022) relates to government funded capital assets.

During the year, capital assets with a cost of \$2,637,242 (\$61,775 in 2022) and accumulated amortization of \$1,529,367 (\$50,843 in 2022) were disposed. The resulting loss on disposal of \$1,107,875 (\$10,932 in 2022) is included in the consolidated statements of revenue and expenses. In addition, vehicles that were no longer in use with a cost of \$nil (\$382,629 in 2022) and an equal amount of accumulated amortization were written-off.

**8. 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.

**9. Accounts payable and accrued liabilities**

Included in accounts payable and accrued liabilities are government remittances payable of \$1,231,713 (\$1,426,409 in 2022) for payroll-related taxes, all of which are current.

**10. 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.

**11. Deferred capital grants**

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

	<b>2023</b>	2022
	\$	\$
Balance, beginning of year	<b>762,947</b>	37,878
Contributions received during the year	<b>113,859</b>	773,461
Amounts recognized as revenue	<b>(165,415)</b>	(48,392)
Balance, end of year	<b>711,391</b>	762,947

## **12. Internally restricted funds**

MODC, through action of its Board of Directors, have designated internally restricted fund balances as reserves for specific use. Certain expenses included on the consolidated statement of revenue and expenses have been recognized in the internally restricted funds in accordance with their Board of Directors-designated use. The funds associated with this reserve will be invested in long-term investments and the related investment income will be reinvested into the reserve and related restricted investment funds.

The following is a description of these funds and their respective designation:

### *(a) Operating Reserve*

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 \$10,000,000 (\$8,000,000 in 2022) is designated 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 with the excess of revenue over expenses in the following year.

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.

### *(b) Infrastructure Reserve*

The Infrastructure Reserve (formerly, the Capital Reserve and 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. In addition, this Reserve is intended to be utilized to support capacity building initiatives and to enhance efficiency of MODC operations through improved technology infrastructure.

The target amount of the Infrastructure Reserve is \$3,000,000 (2022 - \$3,000,000).

### *(c) Strategic Opportunity Reserve (formerly, Ability and Beyond Reserve)*

The Board of Directors has internally restricted these funds for the advancement of MODC's mission and development of organizational capacity via targeted initiatives.

The target amount of the Strategic Opportunity Reserve is \$4,000,000 (\$5,000,000 in 2022).

### *(d) Inter-fund transfers*

During the year, the Board of Directors approved the transfer of \$403,743 from the Operating Fund to the Operating Reserve (transfer of \$1,986,188 from the Operating Fund to the Infrastructure Reserve in 2022).

**13. 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:

	<b>2023</b>	2022
	\$	\$
Net proceeds	<b>275,608</b>	290,100
Administration costs		
Tickets	<b>53,509</b>	56,195
Location commission	<b>42,720</b>	38,459
Agent commission	<b>31,529</b>	34,069
License fees	<b>17,611</b>	17,422
	<b>145,369</b>	146,145
	<b>130,239</b>	143,955

**14. Credit facilities**

- (i) MODC has a 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, 2023 or 2022.
- (ii) MODC has 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, 2023 or 2022.

**15. 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.

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

	Equipment	Premises	Total
	\$	\$	\$
2024	268,548	3,429,424	3,697,972
2025	180,257	2,002,408	2,182,665
2026	38,463	1,292,845	1,331,308
2027	119	971,601	971,720
2028	—	901,391	901,391
Thereafter	—	744,456	744,456
	<b>487,387</b>	<b>9,342,125</b>	<b>9,829,512</b>

**16. 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, 2023, MODC incurred \$1,934,515 (\$1,917,452 in 2022) as its pension contribution expense.

**17. Home and Vehicle Modification Program**

The Ministry of Seniors and Accessibility requires disclosure of the following financial information of the Home and Vehicle Modification Program. Revenue is included in Government grants revenue, and expenses are included in Home and Vehicle Modification Program expenses on the consolidated statement of revenue and expenses, as follows:

	<b>2023</b>	2022
	\$	\$
Revenue	<b>15,628,100</b>	10,628,100
Expenses		
Program delivery	<b>1,458,587</b>	1,274,145
Home and vehicle modifications	<b>14,169,513</b>	9,353,955
	<b>15,628,100</b>	10,628,100
Excess of revenue over expenses	—	—

The above amount of expenses of \$15,628,100 (\$10,628,100 in 2022) includes \$142,760 (\$255,240 in 2022) related to program administration.

**18. Comparative amounts**

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

	2022	
	As amended	As previously presented
	\$	\$
Consolidated statement of financial position		
Fund balances		
Internally restricted funds		
Building Reserve	—	1,912,342
Capital Reserve	—	3,830,693
Infrastructure Reserve	5,743,035	—
	<b>5,743,035</b>	<b>5,743,035</b>
Consolidated statement of revenue and expenses		
Revenue		
Government grants	103,485,257	103,476,491
Fee for service	48,334,332	46,532,347
Program recovery	—	583,826
Philanthropy and non-government grants	6,335,870	6,008,940
Investment and other	630,747	2,184,602
	<b>158,786,206</b>	<b>158,786,206</b>

**18. Comparative amounts (continued)**

	<u>2022</u>	
	As Amended	As previously presented
	\$	\$
Consolidated statement of revenue and expenses		
Expenses		
Programs		
Community Support Services	95,089,963	94,815,065
Employment Services	31,577,805	30,723,081
Home and Vehicle Modification Program	10,372,860	—
AccessAbility Services	—	11,555,094
Donor Funded Programs	6,540,581	—
Community Programs and After Stroke	—	4,763,525
Advocacy and Public Affairs	240,451	397,166
Philanthropy	2,890,403	2,889,819
Administration	10,205,774	11,785,019
Loss on disposal of capital assets	10,932	—
	<u>156,928,769</u>	<u>156,928,769</u>

In addition, the presentation of Note 6 has been modified to conform to the current year's financial statement presentation.