
Consolidated financial statements of March of Dimes Canada

March 31, 2022

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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, 2022, 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, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for 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, 2022 and 2021, current assets as at March 31, 2022 and 2021, and fund balances as at April 1 and March 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended March 31, 2021 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.

The image shows a handwritten signature in cursive that reads "Deloitte LLP". The signature is written in dark ink and is positioned above the printed text of the firm's name and date.

Chartered Professional Accountants
Licensed Public Accountants
July 28, 2022

March of Dimes Canada
Consolidated statement of financial position
As at March 31, 2022

	Notes	2022 \$	2021 \$
Assets			
Current assets			
Cash and restricted cash	3	16,109,231	12,739,383
Short-term investments	4	—	82,558
Accounts receivable	5	6,633,124	7,590,153
Amount due from March of Dimes Canada Non-Profit Housing Corporation ("NPHC")	6(a)	208,318	349,612
Prepaid expenses		494,326	512,840
		23,444,999	21,274,546
Restricted investments	7	16,358,095	15,986,473
Capital assets	8	5,669,834	4,832,756
Intangible asset	9	1,413,751	1,413,751
		46,886,679	43,507,526
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	10	11,522,169	10,993,133
Unexpended program grants and deferred revenue	11	3,016,712	2,832,299
Government advances		4,087,193	3,494,894
		18,626,074	17,320,326
Deferred capital grants	12	762,947	37,878
		19,389,021	17,358,204
Commitments	17		
Fund balances			
Internally restricted funds			
Invested in capital and intangible assets		6,320,638	6,208,629
Operating Reserve	13(a)	9,659,786	9,637,077
Building Reserve	13(b)	1,912,342	2,021,019
Capital Reserve	13(c)	3,830,693	2,462,087
Ability and Beyond Reserve	13(d)	5,774,199	5,820,510
		27,497,658	26,149,322
		46,886,679	43,507,526

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, 2022

	Notes	Internally restricted funds			2022 Total \$	2021 Total \$
		Operating fund \$	Ability and Beyond \$	Other Reserves \$		
Revenue						
Government grants		103,476,491	—	—	103,476,491	97,081,034
Fee for service		46,532,347	—	—	46,532,347	41,047,318
Program recovery		583,826	—	—	583,826	549,677
Philanthropy and non-government grants	14	6,008,940	—	—	6,008,940	6,163,495
Investment and other	7	1,725,750	173,009	285,843	2,184,602	3,390,969
		158,327,354	173,009	285,843	158,786,206	148,232,493
Expenses						
Programs						
Community Support Services		94,815,065	—	—	94,815,065	84,552,256
Employment Services		30,723,081	—	—	30,723,081	29,270,776
AccessAbility® Services		11,555,094	—	—	11,555,094	11,645,693
Community Programs and After Stroke		4,544,205	219,320	—	4,763,525	4,504,592
Advocacy and Public Affairs		397,166	—	—	397,166	234,440
		142,034,611	219,320	—	142,253,931	130,207,757
Philanthropy	14	2,889,819	—	—	2,889,819	2,834,518
Administration	8	11,368,344	—	416,675	11,785,019	11,416,432
Amortization of capital assets	8	48,392	—	460,709	509,101	385,812
		156,341,166	219,320	877,384	157,437,870	144,844,519
Excess (deficiency) of revenue over expenses		1,986,188	(46,311)	(591,541)	1,348,336	3,387,974

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, 2022

	Notes	Internally restricted funds							2021 Total \$	
		Operating Fund \$	Invested in capital and intangible assets \$	Operating Reserve \$	Building Reserve \$	Capital Reserve \$	Sub-total \$	Ability and Beyond Reserve \$		2022 Total \$
Fund balances, beginning of year	19	—	6,208,629	9,637,077	2,021,019	2,462,087	20,328,812	5,820,510	26,149,322	22,761,348
Excess (deficiency) of revenue over expenses		1,986,188	(471,641)	27,238	(101,043)	(46,095)	(591,541)	(46,311)	1,348,336	3,387,974
Purchase of capital assets	8	—	1,357,111	(777,990)	(7,634)	(571,487)	—	—	—	—
Deferred capital grants	12	—	(773,461)	773,461	—	—	—	—	—	—
Interfund transfers										
Transfer to Capital Reserve	13(e)	(1,986,188)	—	—	—	1,986,188	1,986,188	—	—	—
Fund balances, end of year		—	6,320,638	9,659,786	1,912,342	3,830,693	21,723,459	5,774,199	27,497,658	26,149,322

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

March of Dimes Canada
Consolidated statement of cash flows
Year ended March 31, 2022

	Notes	2022 \$	2021 \$
Operating activities			
Excess of revenue over expenses		1,348,336	3,387,974
Items not involving cash			
Amortization of capital assets		509,101	385,812
Loss on disposal of capital assets and adjustment to capital assets	8	10,932	1,243,453
Amortization of deferred capital grants		(48,392)	(7,252)
Amortization of deferred capital grants related to disposal of capital assets and adjustment to capital assets	8	—	(1,215,750)
Change in unrealized losses (gains) on restricted investments		883,500	(996,074)
Changes in non-cash operating working capital			
Accounts receivable		957,029	(1,776,915)
Amount due from NPHC		141,294	418,385
Prepaid expenses		18,514	(127,661)
Accounts payable and accrued liabilities		529,036	2,327,125
Unexpended program grants and deferred revenue		184,413	782,916
Government advances		592,299	1,842,414
		5,126,062	6,264,427
Financing activity			
Receipt of deferred capital grants		773,461	15,652
Investing activities			
Purchase of restricted investments, net		(1,255,122)	(9,009,413)
Purchase of capital assets		(1,357,111)	(1,039,252)
		(2,612,233)	(10,048,665)
Increase (decrease) in cash and restricted cash and short – term investments		3,287,290	(3,768,586)
Cash and restricted cash and short-term investments, beginning of year		12,821,941	16,590,527
Cash and restricted cash and short-term investments, end of year		16,109,231	12,821,941
Represented by			
Unrestricted cash		15,913,552	12,594,500
Restricted cash	3	195,679	144,883
Short-term investments	4	—	82,558
		16,109,231	12,821,941

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 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 - 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) Accessibility Services - Programs and services connecting people with disabilities with innovative products, technologies and inclusively-designed solutions for independence in everyday life, including the Home and Vehicle Modifications Program, Assistive Devices Program and DesignAbility.
- (d) Community Programs and After Stroke - 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 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.

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.

(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 \$195,679 (\$144,883 in 2021) relating to Bingo and Lottery philanthropy campaigns is included in Cash and restricted cash.

4. Short-term investments

As at March 31, 2022, short-term investments are \$nil. As at March 31, 2021, short-term investments of \$82,558 were comprised of a guaranteed investment certificate that matured on July 9, 2021 and bore interest of 0.8% per annum. The cost of this short-term investments approximated the fair value due to the short-term nature of the guaranteed investment certificate.

5. Accounts receivable

	2022	2021
	\$	\$
Fee for service	6,070,722	5,768,395
Program fees	29,768	1,268,901
Harmonized Sales Tax	385,960	393,279
Other	123,120	145,089
Charitable gaming	16,621	31,512
Stroke Recovery Association of British Columbia (Note 6(c))	6,933	8,623
Grants receivable	-	2,585
Allowance for doubtful accounts	-	(28,231)
	6,633,124	7,590,153

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.

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 (\$10,020 in 2021) 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 \$29,248 for 2022 (\$39,014 in 2021).

6. Controlled organizations (continued)

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

Amount due from NPHC consists of the following:

	2022	2021
	\$	\$
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, 2023	62,750	65,750
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	125,902	135,962
Interest receivable on the Sudbury promissory note	13,955	13,955
Amounts receivable from NPHC related for miscellaneous expenses	5,711	133,945
	208,318	349,612

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:

	2022	2021
	\$	\$
Current assets	1,089,079	1,189,446
Capital assets	12,008,872	12,396,563
	13,097,951	13,586,009
Current liabilities	846,384	910,548
Mortgage payable (long-term)	2,808,147	3,165,224
Deferred capital contributions	8,670,275	8,699,245
	12,324,806	12,775,017
Fund balances	773,145	810,992
	13,097,951	13,586,009

6. Controlled organizations (continued)

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

	2022	2021
	\$	\$
Revenue	1,688,606	1,835,960
Expenses, including amortization of \$610,797 (\$683,540 in 2021)	1,701,315	1,857,903
Deficiency of revenue over expenses	(12,709)	(21,943)
Cash flows provided by (used in)		
Operating activities	202,019	(219,051)
Financing activities	(154,394)	89,271
Investing activities	(93,047)	(176,492)
Net cash outflow	(45,422)	(306,272)

(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 \$114,557 (\$147,744 in 2021).
- (ii) MODC rents a portion of the Association premises and pays rent to the Association. The total charges were \$42,162 (\$40,555 in 2021).
- (iii) During the year, the Association paid MODC \$116,103 (\$112,485 in 2021) for administrative salaries and benefits.
- (iv) During the year, the Association paid MODC \$47,300 (\$49,197 in 2021) for professional services rendered.

As at March 31, 2022, MODC has a net receivable from the Association of \$6,933 (\$8,623 in 2021). The balance is interest free and payable on demand.

6. 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:

	2022	2021
	\$	\$
Current assets	568,950	597,444
Capital assets	-	258
	568,950	597,702
Current liabilities	45,164	56,430
Deferred revenue	471,102	488,588
	516,266	545,018
Fund balances	52,684	52,684
	568,950	597,702

	2022	2021
	\$	\$
Revenue	537,715	524,562
Expenses, including amortization of \$258 (\$488 in 2021)	537,715	524,562
Excess of revenue over expenses	-	-
Cash flows (used) provided by Operating activities	(25,764)	43,193
Net cash inflow	(25,764)	43,193

7. Restricted investments

	2022		2021
	Cost	Fair value	Cost
	\$	\$	\$
Cash and cash equivalents	51,894	51,894	51,971
Pooled funds - Ability and Beyond Reserve and other reserves	16,695,360	16,306,201	15,440,161
	16,747,254	16,358,095	15,492,132
			15,934,502
			15,986,473

During the year \$nil (\$8,000,000 in 2021) of cash was invested in other reserves' pooled funds.

7. 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 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, 2022, the unrealized gain (loss) on restricted investments is as follows:

	2022	2021
	\$	\$
Ability and Beyond Reserve (Note 13d)	(299,972)	517,220
Other reserves	(583,528)	478,854
Total unrealized (loss) gain	(883,500)	996,074

8. Capital assets

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
	\$	\$	\$	\$
Land	1,860,000	—	1,860,000	1,901,383
Buildings	2,692,605	(1,549,931)	1,142,674	1,209,648
Machinery, equipment, computer hardware and software	7,779,882	(5,180,152)	2,599,730	1,651,769
Leasehold improvements	170,948	(103,518)	67,430	69,956
	12,503,435	(6,833,601)	5,669,834	4,832,756

The total cost of capital assets acquired during the year was \$1,357,111 (\$1,039,252 in 2021) and was partially financed by capital grants of \$773,461 (\$15,652 in 2021).

Amortization expense for the year totaled \$509,101 (\$385,812 in 2021) of which \$48,392 (\$7,252 in 2021) relates to government funded capital assets.

During the year, capital assets with a cost of \$61,775 and accumulated amortization of \$50,843 were disposed. The resulting loss of \$10,932 is included in administration expenses in the consolidated statement of revenue and expenses. In addition, vehicles that were no longer in use with a cost of \$382,629 and an equal amount of accumulated amortization were written-off.

During the year ended March 31, 2021, 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). No similar transaction occurred during 2022.

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 \$1,426,409 (\$1,088,388 in 2021) 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.

	2022	2021
	\$	\$
Balance, beginning of year	2,832,299	2,049,383
Amounts received	6,023,010	5,134,430
Amounts amortized to revenue	(5,838,597)	(4,351,514)
Balance, end of year	3,016,712	2,832,299

12. Deferred capital grants

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

	2022	2021
	\$	\$
Balance, beginning of year	37,878	1,245,228
Contributions received during the year	773,461	15,652
Amounts recognized as revenue	(48,392)	(7,252)
Amounts recognized as revenue related to disposal of capital assets (Note 8)	—	(1,215,750)
Balance, end of year	762,947	37,878

13. Internally restricted funds

Certain expenses incurred during the year that are included on the consolidated statement of revenue and expenses were funded from fund 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.

(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.

13. Internally restricted funds (continued)

(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.

Internally restricted funds that cumulatively make up the A&B Reserve are 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.

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:

	2022	2021
	\$	\$
Balance, beginning of year	5,820,510	4,944,804
Investment income	472,981	385,382
Expenses	(219,320)	(26,896)
Unrealized (loss) gain on restricted investments (Note 7)	(299,972)	517,220
Balance, end of year	5,774,199	5,820,510

13. Internally restricted funds (continued)

(e) Inter-fund transfers

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

- (i) \$nil (\$550,161 in 2021) from the Operating Fund to the Operating Reserve.
- (ii) \$nil (\$550,000 in 2021) from the Operating Fund to the Building Reserve.
- (iii) \$1,986,188 (\$1,030,000 in 2021) from the Operating Fund to the Capital 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:

	2022	2021
	\$	\$
Net proceeds	290,100	278,775
Administration costs		
Tickets	56,195	35,919
Location commission	38,459	54,092
Agent commission	34,069	32,695
License fees	17,422	16,755
	146,145	139,461
	143,955	139,314

March of Dimes Canada

Notes to the consolidated financial statements

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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 ("MCCSS"). As required, an Annual Reconciliation Report is provided to the MCCSS for each of the Service Contracts listed below:

	Home and Vehicle Modification Program	Warehouse Project	PET Program	Passport Adults DS Community Support Services - East Region	Employment Supports Kingston South East	Employment Supports Kingston East	Employment Supports London	Employment Supports New Market	Employment Supports North Bay	
Program/Location	Home and Vehicle Modification Program SA Southwest Region	Vocational Adult Supports - North Region	Vocational Adult Supports - West Region	Passport Adults DS Community Support Services - East Region	Kingston South East	Kingston East	London	New Market	North Bay	
MCCSS Detail Code	7831	F510	F510	F510	8611/9275/9276/8612	8611/9275/9276/8612	8611/9275/9276/8612	8611/9275/9276/8612	8611/9275/9276/8612	
MCCSS TPBE @	13671	13671	13671	13671	1002169	1002342	1002172	1002194	1002259	Sub-total
Funding received	10,628,100	214,142	144,481	831,220	—	—	—	—	—	11,817,943
Deferred capital contribution received during the year	(130,000)	—	—	—	—	—	—	—	—	(130,000)
Amortization of deferred capital contribution during the year	13,000	—	—	—	—	—	—	—	—	13,000
Detail Code 8611	—	—	—	—	27,000	8,000	29,000	43,000	85,000	192,000
Detail Code 9275	—	—	—	—	3,250	750	7,500	15,700	19,250	46,450
Detail Code 9276	—	—	—	—	—	—	—	—	—	—
Detail Code 8612	—	—	—	—	74,550	25,900	122,750	105,750	104,250	433,200
Other revenue	—	1,200	—	—	—	—	—	—	—	1,200
Revenue	10,511,100	215,342	144,481	831,220	104,800	34,650	159,250	164,450	208,500	12,373,793
Expenses										
Salaries	816,891	161,283	113,775	647,238	64,787	21,898	95,763	84,832	80,125	2,086,592
Training	2,500	375	250	1,250	—	—	—	—	—	4,375
Occupancy	137,964	13,176	11,667	94,936	2,277	1,138	14,303	9,703	12,013	297,177
Travel and communication	35,476	2,965	571	5,530	109	230	450	750	1,355	47,436
Allocated central administration	138,240	13,176	—	75,408	7,377	2,534	12,107	10,399	10,135	269,376
Suppliers and equipment	13,074	4,007	1,619	5,969	—	—	—	—	—	24,669
Other program/service expenditure	9,353,955	20,360	16,599	889	—	100	127	66	622	9,392,718
Depreciation of capital assets during the year	13,000	—	—	—	—	—	—	—	—	13,000
Total	10,511,100	215,342	144,481	831,220	74,550	25,900	122,750	105,750	104,250	12,135,343
Surplus	—	—	—	—	30,250	8,750	36,500	58,700	104,250	238,450

March of Dimes Canada
Notes to the consolidated financial statements
 March 31, 2022

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

Program/Location	Employment Supports	Employment Supports	Employment Supports	Employment Supports	Employment Supports	Employment Supports	Employment Supports	Sub-total	2022 Total	2021 Total
	Ottawa 8611/9275/ 9276/8612	Sault Ste. Marie 8611/9275/ 9276/8612	Sudbury 8611/9275/ 9276/8612	Thunder Bay 8611/9275/ 9276/8612	Timmins 8611/9275/ 9276/8612	Toronto 8611/9275/ 9276/8612	West Central 8611/9275/ 9276/8612			
MCCSS Detail Code	8611/9275/ 9276/8612	8611/9275/ 9276/8612	8611/9275/ 9276/8612	8611/9275/ 9276/8612	8611/9275/ 9276/8612	8611/9275/ 9276/8612	8611/9275/ 9276/8612			
MCCSS TPBE @	1001849	1002326	1002260	1001900	1002257	1002137	1002239			
Funding received	—	—	—	—	—	—	—	—	11,817,943	11,769,519
Deferred capital contribution received during the year	—	—	—	—	—	—	—	—	(130,000)	—
Amortization of deferred capital contribution during the year	—	—	—	—	—	—	—	—	13,000	—
Detail Code 8611	166,000	28,000	300,000	103,000	13,000	92,000	92,000	794,000	986,000	643,000
Detail Code 9275	41,750	12,000	41,250	41,000	1,250	17,750	47,500	202,500	248,950	601,893
Detail Code 9276	—	—	8,756	—	—	135	—	8,891	8,891	2,323
Detail Code 8612	67,750	158,994	116,250	330,250	98,250	59,500	204,500	1,035,494	1,468,694	1,615,650
Other revenue	—	—	—	—	30	—	—	30	1,200	20,523
Revenue	275,500	198,994	466,256	474,250	112,530	169,385	344,000	2,040,915	14,414,678	14,652,908
Expenses										
Salaries	52,181	130,574	88,243	291,638	78,539	46,075	159,016	846,266	2,932,858	3,264,884
Training	—	—	—	—	—	—	—	—	4,375	5,000
Occupancy	8,580	11,500	14,555	5,000	9,353	6,978	24,326	80,292	377,469	241,923
Travel and communication	225	850	1,500	750	600	500	750	5,175	52,611	59,787
Allocated central administration	6,684	15,628	11,308	32,630	9,668	5,836	20,168	101,922	371,298	381,597
Suppliers and equipment	—	—	—	—	—	—	—	—	24,669	72,308
Other program/ service expenditure	80	442	644	232	90	111	240	1,839	9,394,557	9,380,193
Depreciation of capital assets during the year	—	—	—	—	—	—	—	—	13,000	—
Total	67,750	158,994	116,250	330,250	98,250	59,500	204,500	1,035,494	13,170,837	13,405,692
Surplus	207,750	40,000	350,006	144,000	14,280	109,885	139,500	1,005,421	1,243,841	1,247,216

16. 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, 2022 or 2021.
- (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, 2022 or 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.

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

	Equipment \$	Premises \$	Total \$
2023	180,740	3,092,218	3,272,958
2024	143,556	1,677,563	1,821,119
2025	91,704	1,000,705	1,092,409
2026	28,496	516,231	544,727
2027	—	285,778	285,778
Thereafter	—	676,390	676,390
	<u>444,496</u>	<u>7,248,885</u>	<u>7,693,381</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, 2022, MODC incurred \$1,917,452 (\$1,728,688 in 2021) as its pension contribution expense.

19. Pandemic response

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.