



Financial statements

Kids Care Oncology Central West Ontario
(o/a Ronald McDonald House Charities Hamilton)

For the 6 month period ending December 31, 2016

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Independent auditor's report

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To the Board of Directors of
Kids Care Oncology Central West Ontario

We have audited the accompanying financial statements of Kids Care Oncology Central West Ontario (o/a Ronald McDonald House Hamilton), which comprise the balance sheet as at December 31, 2016, and the statements of revenue, expenses and fund balances and cash flows for the six month period ending December 31, 2016, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2016, and the results of its operations and its cash flows for the six month period then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Hamilton, Canada
April 27, 2017

Grant Thornton LLP

Chartered Professional Accountants
Licensed Public Accountants

**Kids Care Oncology Central West Ontario
(o/a Ronald McDonald House Charities Hamilton)
Balance Sheet**

For the 6 months ended
December 31, 2016

For the 12 months ended
June 30, 2016

| | Operating Fund | Restricted Fund | <u>Total</u> | <u>Total</u> |
|--|----------------------|--------------------|----------------------|----------------------|
| Assets | | | | |
| Current | | | | |
| Cash and cash equivalents \$ | 219,250 | - | \$ 219,250 | \$ 121,822 |
| Accounts receivable | 122,257 | - | 122,257 | 248,059 |
| Inventory | 11,876 | - | 11,876 | 9,333 |
| Investments (Note 3) | - | 721,115 | 721,115 | 719,931 |
| Prepaid expenses | 619 | 62,641 | 63,260 | 44,392 |
| | <u>354,002</u> | <u>783,756</u> | <u>1,137,758</u> | <u>1,143,537</u> |
| Capital assets (Note 4) | 12,545,890 | - | 12,545,890 | 12,721,691 |
| | <u>\$ 12,899,892</u> | <u>\$ 783,756</u> | <u>\$ 13,683,648</u> | <u>\$ 13,865,228</u> |
| Liabilities | | | | |
| Current | | | | |
| Accounts payable and accrued liabilities | \$ 116,827 | - | \$ 116,827 | \$ 108,373 |
| Deferred revenue | 22,000 | - | 22,000 | 72,685 |
| Current portion of capital lease (Note 14) | 9,835 | - | 9,835 | 5,955 |
| | <u>148,662</u> | <u>-</u> | <u>148,662</u> | <u>187,013</u> |
| Capital lease obligation (Note 14) | 26,942 | - | 26,942 | 8,045 |
| Deferred contributions (Note 5) | 11,143,662 | - | 11,143,662 | 11,261,701 |
| | <u>11,319,266</u> | <u>-</u> | <u>11,319,266</u> | <u>11,456,759</u> |
| Fund balances | | | | |
| Externally restricted (Note 7) | - | 200,947 | 200,947 | 115,577 |
| Internally restricted (Note 8) | - | 582,809 | 582,809 | 577,849 |
| Operating (Note 9) | 1,580,626 | - | 1,580,626 | 1,714,043 |
| | <u>1,580,626</u> | <u>783,756</u> | <u>2,364,382</u> | <u>2,408,469</u> |
| | <u>\$ 12,899,892</u> | <u>\$ 783,756</u> | <u>\$ 13,683,648</u> | <u>\$ 13,865,228</u> |

Commitments and contingency (Note 6)
Credit facilities (Note 13)

On behalf of the Board

_____ Director _____ Director

See accompanying notes to the financial statements.

**Kids Care Oncology Central West Ontario
(o/a Ronald McDonald House Charities Hamilton)
Statement of Revenue, Expenses and Fund Balances**

| | For the 6 months ended December 31, 2016 | | | For the 12 months ended June 30, 2016 |
|---|--|--------------------|---------------------|---|
| | Operating Fund | Restricted Fund | Total | Total |
| Revenue | | | | |
| Fundraising | \$ 627,316 | \$ 505 | \$ 627,821 | \$ 1,102,060 |
| Special events | 150,372 | - | 150,372 | 382,458 |
| RMHC funding | 101,909 | - | 101,909 | 268,093 |
| Donations in-kind | 97,256 | - | 97,256 | 257,438 |
| Other grants | - | 93,000 | 93,000 | 70,000 |
| Room rental | 61,348 | 9,360 | 70,708 | 162,693 |
| Investment income (Note 10) | 7,933 | - | 7,933 | 32,591 |
| | <u>1,046,134</u> | <u>102,865</u> | <u>1,148,999</u> | <u>2,275,333</u> |
| Expenses | | | | |
| Wages and benefits | 596,419 | - | 596,419 | 1,068,927 |
| Supplies in-kind | 97,256 | - | 97,256 | 257,438 |
| Utilities | 73,299 | - | 73,299 | 136,227 |
| Special events | 66,928 | - | 66,928 | 200,676 |
| Culinary kitchen expenses | 48,212 | 1,498 | 49,710 | 113,300 |
| House maintenance and supplies | 35,385 | - | 35,385 | 70,238 |
| Technology support | 33,274 | - | 33,274 | 51,381 |
| Family relations | 15,153 | 16,202 | 31,356 | 31,973 |
| House security | 23,943 | - | 23,943 | 35,409 |
| Professional fees | 18,963 | - | 18,963 | 23,357 |
| Donor and volunteer recognition | 16,688 | - | 16,688 | 9,289 |
| Meetings and conferences | 16,142 | - | 16,142 | 19,708 |
| Fundraising | 14,761 | - | 14,761 | 30,833 |
| Family room | 703 | 12,385 | 13,088 | 2,362 |
| Telephone | 8,795 | - | 8,795 | 15,564 |
| Office supplies and postage | 6,600 | - | 6,600 | 18,150 |
| Communications | 6,026 | - | 6,026 | 10,804 |
| Interest and bank charges | 4,833 | - | 4,833 | 32,764 |
| Insurance | 1,905 | - | 1,905 | 5,677 |
| | <u>1,085,285</u> | <u>30,085</u> | <u>1,115,370</u> | <u>2,134,077</u> |
| Excess (deficiency) of revenue over expenses from operations | <u>(39,151)</u> | <u>72,780</u> | <u>33,629</u> | <u>141,256</u> |
| Capital items | | | | |
| Amortization | 219,475 | - | 219,475 | 439,102 |
| Amortization of deferred contributions | (141,971) | - | (141,971) | (290,673) |
| Loss on disposal of capital assets | 212 | - | 212 | - |
| | <u>77,716</u> | <u>-</u> | <u>77,716</u> | <u>148,429</u> |
| (Deficiency) excess of revenue over expenses for the year | <u>(116,867)</u> | <u>72,780</u> | <u>(44,087)</u> | <u>(7,173)</u> |
| Fund balances - beginning of year | 1,715,043 | 693,426 | 2,408,469 | 2,415,642 |
| Interfund transfers (Note 11) | <u>(17,550)</u> | <u>17,550</u> | <u>-</u> | <u>-</u> |
| Fund balances - end of year | <u>\$ 1,580,626</u> | <u>\$ 783,756</u> | <u>\$ 2,364,382</u> | <u>\$ 2,408,469</u> |

See accompanying notes to the financial statements.

**Kids Care Oncology Central West Ontario
(o/a Ronald McDonald House Charities Hamilton)
Statement of Cash Flows**

| | For the 6 months ended December 31, 2016 | For the 12 months ended June 30, 2016 |
|--|---|---|
| Increase (decrease) in cash and cash equivalents | | |
| Operating | | |
| Deficiency of revenue over expenses | \$ (44,087) | \$ (7,173) |
| Adjustments for non-cash items | | |
| Amortization of capital assets | 219,475 | 439,102 |
| Amortization of deferred contributions | (141,971) | (290,673) |
| Loss of disposal on capital lease | 5,721 | - |
| Loss on disposal of assets | 212 | - |
| Net change in fair value of investments | 6,401 | 19,420 |
| | <u>45,751</u> | <u>160,676</u> |
| Changes in non-cash working capital (Note 12) | <u>62,160</u> | <u>(60,788)</u> |
| | <u>107,911</u> | <u>99,888</u> |
| Investing | | |
| Purchase of capital assets | (49,607) | (21,730) |
| Purchase of investments | (727,516) | (739,351) |
| Proceeds on disposal of investments | 719,931 | 1,307,124 |
| Increase in capital lease obligation | 22,777 | 2,673 |
| | <u>(34,415)</u> | <u>548,716</u> |
| Financing | | |
| Proceeds from deferred contributions | 23,932 | 135,938 |
| Short-term bank advances | - | (662,720) |
| | <u>23,932</u> | <u>(526,782)</u> |
| Increase in cash and cash equivalents | 97,428 | 121,822 |
| Cash and cash equivalents – beginning of year | <u>121,822</u> | - |
| Cash and cash equivalents – end of year | <u>\$ 219,250</u> | <u>\$ 121,822</u> |

See accompanying notes to the financial statements.

Kids Care Oncology Central West Ontario (o/a Ronald McDonald House Charities Hamilton)

Notes to the Financial Statements

For the six month period ending December 31, 2016

1. Nature of operations

Kids Care Oncology Central West Ontario (o/a Ronald McDonald House Charities Hamilton) (the House, or organization) is a non-profit organization operating as a registered charity within the meaning assigned in Section 149 of the Canadian Income Tax Act. Under the provisions of the Canadian Income Tax Act and the Ontario Corporations Tax Act the organization is exempt from federal and provincial income taxes.

The mission of the organization is to provide a warm, compassionate and safe “home away from home” for families of seriously ill children who are receiving treatment at local children’s hospitals.

As a requirement put in place by Ronald McDonald House Charities Global, all related organizations must have a fiscal year ending December 31st. The organization has made this change in year-end effective for December 31, 2016.

2. Significant accounting policies

The organization follows Canadian accounting standards for not-for-profit organizations (ASNPO) in preparing its financial statements. The significant accounting policies used are as follows:

Fund accounting

The organization has the following funds:

Operating fund

The revenue and expenses related to the collection of donations and fund raising activities as well as the expansion project are reported in the Operating fund. Investment income earned on the internally restricted position of the Restricted funds is reported in the Operating fund.

Restricted funds

The Restricted funds report amounts for which the use is restricted by the donors and related investment income on the fund balance.

Revenue recognition

The organization follows the restricted fund method of accounting for contributions.

Revenue and expenses, with the exception of grants, are recorded on the accrual basis. These contributions (including fundraising and special events) are recognized as revenue when received or receivable, when the amounts to be received can be estimated and collection is reasonably assured. Unrestricted grants and restricted grants that are not for the purchase of capital assets are recorded as received.

Restricted contributions and grants for the purchase of capital assets are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets.

Pledges are not recognized as revenue until received in cash or as an in-kind donation.

Kids Care Oncology Central West Ontario (o/a Ronald McDonald House Charities Hamilton)

Notes to the Financial Statements

For the six month period ending December 31, 2016

2. Significant accounting policies (continued)

Unrealized gains and losses on held-for-trading financial assets are included in investment income and recognized as revenue in the statement of revenue, expenses and fund balances.

Donated materials and services

The organization records the fair value of any donated materials and services which they would normally have incurred as an operating expense with the exception of volunteer time. The fair value is determined based on arm's length market values. The organization has approximately 350 volunteers who contribute their time each year. The value of these services is not recognized in the financial statements.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and on deposit with banks and investments in money market instruments with an initial maturity of three months or less.

Financial instruments

Measurement

The organization initially measures its financial assets and liabilities at fair value.

The organization subsequently measures its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in the statement of revenue, expenses and fund balances.

Financial assets and liabilities measured at amortized cost include cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities. Financial assets and liabilities measured at fair value include investments.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in the statement of revenue, expenses and fund balances.

Kids Care Oncology Central West Ontario (o/a Ronald McDonald House Charities Hamilton)

Notes to the Financial Statements

For the six month period ending December 31, 2016

2. Significant accounting policies (continued)

Capital assets

Capital assets are recorded at cost less accumulated amortization. Capital assets are amortized to estimated residual values at the following annual rates over the estimated useful lives of the related assets:

| | | |
|------------------------|-----------|-------------------|
| Building | 40 years | straight line |
| Furniture and fixtures | 10% - 20% | declining balance |
| Grease interceptor | 30% | declining balance |
| Computer hardware | 30% - 45% | declining balance |
| Computer software | 20% - 30% | declining balance |
| Office equipment | 30% | declining balance |
| Photo booth | 30% | declining balance |
| Serenity garden | 15 years | straight line |
| Sign | 10% | straight line |
| Water heater | 30% | declining balance |

The estimated useful lives of assets are reviewed by management and adjusted if necessary.

The organization tests capital assets for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

Interest related to the period of development is capitalized as part of the cost of the building project. Capitalization of interest ceases when the asset is completed and is put into use.

Management estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Items subject to significant management estimates include estimated useful lives of capital assets.

3. Investments

| | For the 6 months ended December 31, 2016 | For the 12 months ended June 30, 2016 |
|--------------------------|---|---|
| Fixed income instruments | \$ 518,265 | \$ 527,122 |
| Equities | 151,391 | 137,922 |
| Cash equivalents | <u>51,459</u> | <u>54,887</u> |
| | <u>\$ 721,115</u> | <u>\$ 719,931</u> |

**Kids Care Oncology Central West Ontario
(o/a Ronald McDonald House Charities Hamilton)**

Notes to the Financial Statements

For the six month period ending December 31, 2016

4. Capital asset

| | | | For the 6 months ended <u>December 31, 2016</u> | For the 12 months ended <u>June 30, 2016</u> |
|------------------------|----------------------|-------------------------------------|--|--|
| | <u>Cost</u> | <u>Accumulated Amortization</u> | <u>Net Book Value</u> | <u>Net Book Value</u> |
| Land | \$ 9,181 | \$ - | \$ 9,181 | \$ 9,181 |
| Building | 14,589,061 | 2,611,901 | 11,977,160 | 12,159,477 |
| Computer hardware | 82,787 | 61,207 | 21,581 | 9,712 |
| Computer software | 46,586 | 30,173 | 16,413 | 18,255 |
| Furniture and fixtures | 460,759 | 205,017 | 255,742 | 269,201 |
| Grease interceptor | 12,681 | 1,903 | 10,778 | - |
| Office equipment | 115,271 | 80,535 | 34,736 | 27,092 |
| Photo booth | 13,788 | 6,815 | 6,973 | 8,232 |
| Serenity garden | 238,011 | 32,823 | 205,188 | 213,154 |
| Sign | 8,154 | 5,686 | 2,468 | 501 |
| Water heater | 8,101 | 2,430 | 5,671 | 6,886 |
| | <u>\$ 15,584,380</u> | <u>\$ 3,038,490</u> | <u>\$ 12,545,890</u> | <u>\$ 12,721,691</u> |

5. Deferred contributions

Deferred contributions represent the unamortized amounts of restricted grants and net donations received for the expansion of the house and grounds. The balance is comprised of \$10,930,912 (for the 12 months ended June 30, 2016 – \$11,045,345) of deferred contributions in relation to the expansion of the house and \$212,750 (for the 12 months ended June 30, 2016 - \$216,356) of deferred contributions in relation to Serenity Garden, which is on the house grounds. Changes during the year are as follows:

Deferred contributions - building:

| | For the 6 months ended <u>December 31, 2016</u> | For the 12 months ended <u>June 30, 2016</u> |
|--|--|--|
| Balance – beginning of year | \$ 11,045,345 | \$ 11,196,619 |
| Add: Net donations received | 23,932 | 131,938 |
| Less: amortization of deferred capital contributions | <u>(138,365)</u> | <u>(283,212)</u> |
| Balance – end of year | <u>\$ 10,930,912</u> | <u>\$ 11,045,345</u> |

**Kids Care Oncology Central West Ontario
(o/a Ronald McDonald House Charities Hamilton)**

Notes to the Financial Statements

For the six month period ending December 31, 2016

5. Deferred contributions (continued)

Deferred contributions – serenity garden:

| | For the 6 months ended <u>December 31, 2016</u> | For the 12 months ended <u>June 30, 2016</u> |
|--|--|--|
| Balance – beginning of year | \$ 216,356 | \$ 219,817 |
| Add: Net donations received | - | 4,000 |
| Less: amortization of deferred capital contributions | <u>(3,606)</u> | <u>(7,461)</u> |
| Balance – end of year | \$ 212,750 | \$ 216,356 |
| Total deferred contributions – end of year | \$ <u>11,143,662</u> | \$ <u>11,261,701</u> |

6. Commitments and contingency

The organization has the following annual commitments with respect to rental of equipment, maintenance contracts, and employee contracts:

| | |
|--------------------------------------|-----------|
| Fiscal year ending December 31, 2017 | \$ 28,000 |
|--------------------------------------|-----------|

7. Externally restricted funds

Major categories of fund balances with externally imposed restrictions are as follows:

| | For the 6 months ended <u>December 31, 2016</u> | For the 12 months ended <u>June 30, 2016</u> |
|---|--|--|
| Our Special Friend Jean’s Benevolent Fund | \$ 33,710 | \$ 34,170 |
| Lloyd Kirkpatrick Memorial | | |
| Outstanding Student Volunteer Award Fund | 247 | 246 |
| Kelsey Nights of Comfort Fund | 2,437 | 549 |
| The Grocery Foundation Fund | 4,130 | 4,176 |
| Room Rental Fund | 1,147 | 171 |
| Meals that Heal (MTH) Dairy Fund | 1,992 | 3,818 |
| ArcelorMittal Dofasco Fund | 133,207 | 71,455 |
| E.V.A Children’s Foundation Fund | 872 | 916 |
| RMH RBC Family Wellness Fund | 23,129 | - |
| Courage Capes | <u>76</u> | <u>76</u> |
| | \$ <u>200,947</u> | \$ <u>115,577</u> |

Kids Care Oncology Central West Ontario (o/a Ronald McDonald House Charities Hamilton)

Notes to the Financial Statements

For the six month period ending December 31, 2016

7. Externally restricted funds (continued)

Our Special Friend Jean's Benevolent Fund was established to subsidize accommodation costs for bereaved families while staying at the House. The annual Lloyd Kirkpatrick Memorial Outstanding Student Volunteer Award was established to recognize the volunteer contribution to Ronald McDonald House of an individual who is continuing in his or her studies at the post-secondary level. The Kelsey Nights of Comfort Fund and the Room Rental Fund were established to cover accommodation costs for families who cannot afford to pay any fees while staying at the House. The Courage Cape Program provides complimentary 'superhero' capes to the many little heroes of Ronald McDonald House Charities Hamilton and Ronald McDonald Family Room Hamilton. These handmade capes are sewn by volunteers and offered to both RMHCH patients and their siblings.

The Grocery Foundation Fund is to be used for providing groceries to the house from Metro Supermarkets. The MTH Dairy Fund was established to provide only dairy products to the house. The Arcelor Mittal Dofasco (AMD) Fund was established for this funding to be used for renovations of the Family Room at McMaster Children's Hospital. E.V.A Children's Foundation Fund was established to subsidize accommodation costs for bereaved families that are coming from the Waterloo/Kitchener area. The RBC Wellness Grant is to be used to develop and implement family-centered activities designed to support the physical and/or emotional well-being of those staying at RMHC Hamilton and to provide mental-health related resources within the community that families can access when/if needed.

8. Internally restricted funds

| | For the 6 months ended <u>December 31, 2016</u> | For the 12 months ended <u>June 30, 2016</u> |
|-----------------------------------|--|--|
| Property Replacement Reserve Fund | \$ 339,809 | \$ 334,849 |
| Stabilization Fund | <u>243,000</u> | <u>243,000</u> |
| | <u>\$ 582,809</u> | <u>\$ 577,849</u> |

At the direction of the Board of Directors, Reserve Advisors Inc. conducted a Property Replacement Reserve Study of the Ronald McDonald House Charities Hamilton. The purpose of the study was to establish a yearly reserve contribution necessary to meet future expenses for major replacements or repairs of the property components. In accordance with the recommendations, the Board established an initial reserve of \$100,000 by a transfer of funds from unrestricted funds effective January 1, 2002 and will transfer \$80,000 per year, thereafter, to 2022. As a result of the house expansion, a revaluation of the reserve fund requirements is being undertaken. For the 6 months ended December 31, 2016, the Board has elected to forego the \$80,000 transfer.

The Stabilization Fund was established by the Board of Directors to ensure continuing House operations due to unforeseeable events.

**Kids Care Oncology Central West Ontario
(o/a Ronald McDonald House Charities Hamilton)**

Notes to the Financial Statements

For the six month period ending December 31, 2016

9. Operating fund balance

Components of the operating fund balance are as follows:

| | For the 6 months ended <u>December 31, 2016</u> | For the 12 months ended <u>June 30, 2016</u> |
|---------------------------------------|--|--|
| Net assets invested in capital assets | | |
| Capital assets | \$ 12,545,890 | \$ 12,721,691 |
| Deferred contributions | <u>(11,143,662)</u> | <u>(11,216,701)</u> |
| Invested in capital assets | 1,402,228 | 1,459,990 |
| Unrestricted fund balance | <u>178,398</u> | <u>255,053</u> |
| Operating fund balance | \$ <u>1,580,626</u> | \$ <u>1,715,043</u> |

10. Investment income

| | For the 6 months ended <u>December 31, 2016</u> | For the 12 months ended <u>June 30, 2016</u> |
|--|--|--|
| Investment income consists of the following: | | |
| Interest and dividends | \$ 14,334 | \$ 52,011 |
| Net change in fair value of investments | <u>(6,401)</u> | <u>(19,420)</u> |
| | \$ <u>7,933</u> | \$ <u>32,591</u> |

11. Interfund transfers - fund balance continuity

Transfers to (from) funds consist of the following:

| | Operating <u>Fund</u> | Restricted <u>Funds</u> |
|--|--------------------------|----------------------------|
| Allocation of interest to internally restricted fund | \$ <u>17,550</u> | \$ <u>(17,550)</u> |
| | \$ <u>17,550</u> | \$ <u>(17,550)</u> |

Kids Care Oncology Central West Ontario (o/a Ronald McDonald House Charities Hamilton)

Notes to the Financial Statements

For the six month period ending December 31, 2016

12. Changes in non-cash working capital

| | For the 6 months ended <u>December 31, 2016</u> | For the 12 months ended <u>June 30, 2016</u> |
|--|--|--|
| Accounts receivable | \$ 125,802 | \$ (104,852) |
| Prepaid expenses | (18,868) | (22,181) |
| Inventory | (2,543) | 15,459 |
| Accounts payable and accrued liabilities | 8,454 | 1,293 |
| Deferred revenue | <u>(50,685)</u> | <u>49,493</u> |
| | <u>\$ 62,160</u> | <u>\$ (60,788)</u> |

13. Credit facilities

The organization has secured a demand operating credit facility to a maximum amount of \$500,000 bearing interest at prime plus 0.5% of which \$nil (for the 12 months ended June 30, 2016 - \$nil) was outstanding at year end. This facility is secured by a general security agreement over all assets of the organization.

14. Obligation under capital lease- debt

The organization has the following future minimum capital lease payments with respect to equipment:

| | |
|---------------------------------------|-------------------------|
| Fiscal years ending December 31, 2017 | \$ 9,835 |
| 2018 | 10,124 |
| 2019 | 7,191 |
| 2020 | 5,053 |
| Subsequent and thereafter | <u>4,574</u> |
| | 36,777 |
| Less current portion | <u>9,835</u> |
| Total long-term obligation | <u>\$ 26,942</u> |

Interest charges to the accounts of the organization on the above during the year amounts to \$382 (for the 12 months ended June 30, 2016 - \$565).

Kids Care Oncology Central West Ontario (o/a Ronald McDonald House Charities Hamilton)

Notes to the Financial Statements

For the six month period ending December 31, 2016

15. Other matters

On April 15, 1992, the organization and the Corporation of the City of Hamilton entered into an agreement of purchase and sale relating to the real estate located on the intersection of Main Street West and Cootes Drive in Hamilton. Under the terms of the agreement, the real estate with a value of approximately \$652,000 was purchased by the organization for \$2. The agreement requires that the organization transfer the land back to the City at cost should the organization cease to operate for charitable purposes. The agreement also restricts the organization's ability to sell the property.

On September 15, 2010, the organization and the Corporation of the City of Hamilton entered into an agreement of purchase and sale, relating to the real estate located behind the Ronald McDonald House Charities Hamilton. Under the terms of the agreement, the real estate, with a value of approximately \$400,000 was purchased by the organization for \$1. The agreement requires that the organization transfer the land back should the organization cease to operate for charitable purposes. The agreement also restricts the organization's ability to sell the property.

16. Subsequent events

As of March 1, 2017, Ronald McDonald House Charities Hamilton will be changing its name to Ronald McDonald House Charities South Central Ontario (RMHCSCO).