

**MCCORMICK HOME FOUNDATION OF LONDON**  
*(Operating as McCormick Care Foundation)*  
**Financial Statements**  
**Year Ended March 31, 2021**

**MCCORMICK HOME FOUNDATION OF LONDON**  
*(Operating as McCormick Care Foundation)*  
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**Year Ended March 31, 2021**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of McCormick Home Foundation of London (Operating as McCormick Care Foundation)

### *Qualified Opinion*

We have audited the financial statements of McCormick Home Foundation of London (the Foundation), which comprise the statement of financial position as at March 31, 2021, and the statements of revenue and expenditures and changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 the Foundation as at March 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Basis for Qualified Opinion*

In common with many charitable organizations, the Foundation derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenues over expenses, fund balances and cash flows. Our audit opinion on the financial statements for the year ended March 31, 2020 was modified accordingly because of the possible effects of this limitation of scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 the Foundation 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 those 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 the Foundation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

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Those charged with governance are responsible for overseeing the Foundation'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 generally accepted auditing standards 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 generally accepted auditing standards, 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 of the Foundation'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 the Foundation'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 the Foundation 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.

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.

London, Ontario  
May 26, 2021

*BDO Canada LLP*

Chartered Professional Accountants  
Licensed Public Accountants

**MCCORMICK HOME FOUNDATION OF LONDON**

*(Operating as McCormick Care Foundation)*

**Statement of Financial Position**

**March 31, 2021**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 183,169	\$ 42,458
Amounts receivable	6,000	-
HST recoverable	5,718	5,988
	<b>194,887</b>	<b>48,446</b>
Investments <i>(Note 4)</i>	<b>1,643,927</b>	<b>1,499,901</b>
Property and equipment <i>(Note 5)</i>	<b>1,665</b>	<b>2,214</b>
	<b>\$ 1,840,479</b>	<b>\$ 1,550,561</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>CURRENT</b>		
Accounts payable and accrued charges	\$ 8,447	\$ 7,557
Due to McCormick Home <i>(Note 6)</i>	139,730	113,036
	<b>148,177</b>	<b>120,593</b>
<b>FUND BALANCES</b>		
General Fund	<b>1,261,716</b>	<b>1,001,705</b>
Restricted Fund	<b>430,586</b>	<b>428,263</b>
	<b>1,692,302</b>	<b>1,429,968</b>
	<b>\$ 1,840,479</b>	<b>\$ 1,550,561</b>

**ON BEHALF OF THE BOARD**

\_\_\_\_\_ *Director*

\_\_\_\_\_ *Director*

See accompanying notes to the financial statements.

**McCORMICK HOME FOUNDATION OF LONDON**

*(Operating as McCormick Care Foundation)*

**Statement of Revenue and Expenditures and Changes in Fund Balances**

**Year Ended March 31, 2021**

	General Fund		Restricted Fund		Total	
	2021	2020	2021	2020	2021	2020
<b>REVENUE</b>						
Donations	\$ 103,352	\$ 52,181	\$ 119,743	\$ 163,546	\$ 223,095	\$ 215,727
Investment income (loss) <i>(Note 7)</i>	297,148	(14,950)	-	-	297,148	(14,950)
Special events	134,821	111,385	5,000	20,295	139,821	131,680
	<b>535,321</b>	<b>148,616</b>	<b>124,743</b>	<b>183,841</b>	<b>660,064</b>	<b>332,457</b>
<b>EXPENDITURES</b>						
Salaries, wages and benefits	95,898	109,885	-	-	95,898	109,885
Special events	38,083	45,693	-	2,405	38,083	48,098
Consulting	21,308	-	-	-	21,308	-
Contract fees	18,774	20,661	-	-	18,774	20,661
Accounting services	10,636	9,230	-	-	10,636	9,230
Gifts in-kind	9,891	1,318	-	-	9,891	1,318
Investment management fees	7,920	6,777	-	-	7,920	6,777
Legal and audit	6,840	7,591	-	-	6,840	7,591
Bank and merchant fees	6,312	4,893	476	134	6,788	5,027
Office rent <i>(Note 6)</i>	6,000	6,000	-	-	6,000	6,000
Amortization of property and equipment	2,846	2,214	-	-	2,846	2,214
Office supplies	2,206	3,828	-	-	2,206	3,828
Fundraising expenses	2,079	3,118	-	-	2,079	3,118
Website development	95	409	-	-	95	409
	<b>228,888</b>	<b>221,617</b>	<b>476</b>	<b>2,539</b>	<b>229,364</b>	<b>224,156</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER</b>						
EXPENDITURES	306,433	(73,001)	124,267	181,302	430,700	108,301
FUND BALANCES - BEGINNING OF YEAR	1,001,705	1,136,236	428,263	349,494	1,429,968	1,485,730
	<b>1,308,138</b>	<b>1,063,235</b>	<b>552,530</b>	<b>530,796</b>	<b>1,860,668</b>	<b>1,594,031</b>
Grants to McCormick Home <i>(Note 6)</i>	(46,422)	(61,530)	(121,944)	(102,533)	(168,366)	(164,063)
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 1,261,716</b>	<b>\$ 1,001,705</b>	<b>\$ 430,586</b>	<b>\$ 428,263</b>	<b>\$ 1,692,302</b>	<b>\$ 1,429,968</b>

See accompanying notes to the financial statements.

**MCCORMICK HOME FOUNDATION OF LONDON***(Operating as McCormick Care Foundation)***Statement of Cash Flows****Year Ended March 31, 2021**

	<b>2021</b>	2020
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures	\$ 430,700	\$ 108,301
Items not affecting cash:		
Amortization of property and equipment	2,846	2,214
Unrealized (gains) losses on investments	(159,784)	72,161
Realized (gains) on investments	(56,386)	(933)
	<b>217,376</b>	181,743
Changes in non-cash working capital:		
Amounts receivable	(6,000)	4,000
HST recoverable	270	795
Accounts payable and accrued charges	890	918
Due to McCormick Home	26,694	63,849
	<b>21,854</b>	69,562
Cash flow from operating activities	<b>239,230</b>	251,305
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(2,297)	-
Purchase of investments	(80,592)	(155,107)
Proceeds on disposal of investments	152,736	7,242
Cash flow from (used by) investing activities	<b>69,847</b>	(147,865)
<b>FINANCING ACTIVITY</b>		
Grants to McCormick Home	(168,366)	(164,063)
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>140,711</b>	(60,623)
Cash - beginning of year	42,458	103,081
<b>CASH - END OF YEAR</b>	<b>\$ 183,169</b>	\$ 42,458

See accompanying notes to the financial statements.

# MCCORMICK HOME FOUNDATION OF LONDON

*(Operating as McCormick Care Foundation)*

## Notes to Financial Statements

Year Ended March 31, 2021

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### 1. NATURE OF THE FOUNDATION

The McCormick Home Foundation of London (the "Foundation") was established in 1984. Its mission is to raise funds for programming, innovation and research to benefit current and future residents and clients of McCormick Home and McCormick Dementia Services.

The Foundation is a registered charity (Registration No. 119035434 RR0001) and is classified as a public foundation under Section 149.1(1)(g) of the Income Tax Act (Canada). Under the provisions of the Income Tax Act (Canada), the Foundation is exempt from taxes on income.

### 2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). ASNPO is part of Canadian generally accepted accounting principles (GAAP).

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Revenue recognition

The Foundation follows the restricted fund method of accounting for contributions. Donor restricted contributions are recognized as revenue of the Restricted Fund. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably established and collection is reasonably assured. Gifts in kind are recorded at their estimated market value when received. Ticket sales, sponsorships and other special event amounts are recorded as revenue in the period the event occurs.

#### Fund accounting

In order to ensure observance of the limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of "fund accounting". Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the donors or in accordance with directives issued by the Board of Directors. Transfers between the funds are made when it is considered appropriate and authorized by the Board of Directors.

For financial reporting purposes, the accounts have been classified into the following funds:

#### (a) General Fund

The General Fund accounts for the Foundation's general operational and administrative activities. The General Fund reports unrestricted resources available for immediate purposes.

#### (b) Restricted Fund

The Restricted Fund consists of externally restricted funds. Externally restricted funds represent donations whereby the donor has made a specific direction on the use of the funds.

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# MCCORMICK HOME FOUNDATION OF LONDON

*(Operating as McCormick Care Foundation)*

## Notes to Financial Statements

Year Ended March 31, 2021

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Cash

Cash consists of cash on deposit less cheques issued and outstanding at the reporting period.

#### Investments and investment income

Investments are managed by independent investment managers. Investment income is recognized as revenue when earned and is recorded in the General Fund, unless specifically designated as restricted by the donor.

#### Property and equipment

Purchased property and equipment are recorded at cost. Amortization is provided at rates sufficient to amortize the cost of property and equipment over their estimated useful lives. The methods and annual rates of amortization used are:

Furniture and fixtures	5 years	straight-line method
Computer equipment	55%	declining balance method

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use. When property and equipment are retired or otherwise disposed of, the assets and related accumulated amortization thereon are removed from the accounts and the resulting gain or loss is recognized in the year of disposition.

#### Contributed services

Volunteers contribute many hours per year to assist the Foundation in carrying out its fundraising activities. Because of the difficulty in determining fair value, contributed services are not recognized in the financial statements.

#### Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income in the year they occur. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale or issue of financial instruments are expensed when incurred.

#### Measurement uncertainty

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in operations in the period in which they become known. Actual results could differ from these estimates.

## MCCORMICK HOME FOUNDATION OF LONDON

*(Operating as McCormick Care Foundation)*

### Notes to Financial Statements

Year Ended March 31, 2021

#### 4. INVESTMENTS

	2021		2020	
	Cost	FMV	Cost	FMV
Cash	\$ -	\$ -	\$ 45,000	\$ 45,000
Fixed Income	528,055	514,589	480,270	485,930
Canadian Large-Cap Equity	314,285	358,506	278,674	254,461
US Equity	203,683	407,386	248,075	388,662
International Equity	196,978	232,049	181,308	188,011
Global Small-Cap Equity	71,472	97,550	63,687	70,774
Money Market Fund	33,847	33,847	67,062	67,063
	<b>\$ 1,348,320</b>	<b>\$ 1,643,927</b>	<b>\$ 1,364,076</b>	<b>\$ 1,499,901</b>

The global financial markets have been subject to significant volatility due to the outbreak of COVID-19 which has caused fluctuations in the value of investments held.

#### 5. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2021	2020
			Net book value	Net book value
Furniture and fixtures	\$ 11,071	\$ 11,071	\$ -	\$ 2,214
Computer equipment	2,297	632	1,665	-
	<b>\$ 13,368</b>	<b>\$ 11,703</b>	<b>\$ 1,665</b>	<b>\$ 2,214</b>

#### 6. RELATED PARTY TRANSACTIONS

During the year, the Foundation provided grants to the McCormick Home in the amount of \$168,366 (2020 - \$164,063). This amount consisted of \$51,040 (2020 - \$4,895) for capital expenditures and \$117,326 (2020 - \$159,168) for program enhancements and subsidies to fund participants in the Day Program.

During the year, McCormick Home charged rent of \$6,000 (2020 - \$6,000) to the McCormick Home Foundation of London. These charges are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties. Amounts due to related parties are unsecured, non interest bearing and have no set terms of repayment.

McCormick Home is a long-term care facility, which provides residential care and services to the elderly. McCormick Dementia Services offers dementia specific day programs and support services to those in the community living with dementia as well as their caregivers. McCormick Home and McCormick Dementia Services are divisions of The Women's Christian Association of London (o/a McCormick Care Group).

## MCCORMICK HOME FOUNDATION OF LONDON

*(Operating as McCormick Care Foundation)*

### Notes to Financial Statements

Year Ended March 31, 2021

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#### 7. INVESTMENT INCOME (LOSS)

	2021	2020
Unrealized gains (losses) on investments	\$ 159,784	\$ (72,161)
Realized gains on investments	56,386	933
Interest and dividends	80,978	56,278
	<b>\$ 297,148</b>	<b>\$ (14,950)</b>

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#### 8. FINANCIAL INSTRUMENTS

The Foundation is exposed to various risks through its financial instruments. The following analysis provides information about the Foundation's risk exposure and concentration. There have been no significant changes in the nature or concentration of the risk exposures from the prior year, unless otherwise noted.

##### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation is exposed to credit risk. An allowance for doubtful accounts if required is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Foundation does not have any significant credit risk concentration.

##### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation manages its liquidity risk by forecasting its cash needs on a regular basis and seeking additional information based on those forecasts.

##### Currency risk

Currency risk is the risk to the Foundation's operations that arise from fluctuations of foreign exchange rates. The Foundation is exposed to currency risk on investments as they include U.S. and other international equities in the amount of \$736,985 (2020 - \$647,447). While these funds are denominated for reporting purposes in Canadian dollars, the underlying securities are subject to foreign currency fluctuations on conversion to Canadian dollars.

##### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation is exposed to interest rate risk as the value of its Fixed Income and Money Market investments is affected by market changes in interest. Refer to Note 4 for current values held in these investments.

##### Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation is exposed to other price risk through its portfolio of investments. Refer to Note 4 for current values held in these investments.

**MCCORMICK HOME FOUNDATION OF LONDON**

*(Operating as McCormick Care Foundation)*

**Notes to Financial Statements**

**Year Ended March 31, 2021**

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9. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

10. COVID-19

On March 11, 2020 the World Health Organization declared COVID-19 a global pandemic which has caused significant impact on the global economy. As the impacts of COVID-19 continue, there could be further impact on the Foundation and its donors. Management is actively monitoring the affect on its financial condition and operations. As a result, management adjusted its approach as needed for its essential fundraisers. Given the daily evolution of the COVID-19 out break, the Foundation is not able to fully estimate the effects of COVID-19 on its future results of operations or financial condition at this time.