

**KENNEDY HOUSE**  
**Independent Auditors' Report**  
**Financial Statements**  
**March 31, 2022**

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## **INDEPENDENT AUDITORS' REPORT**

To the Directors of Kennedy House:

### **Qualified Opinion**

We have audited the financial statements of Kennedy House ("the Organization"), which comprise of the balance sheet as at March 31, 2022 and the statements of operations and changes in net assets and statement of 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 Kennedy House 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, the Organization derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations revenue, excess of revenue over expenses and cash flows from operations for the years ended March 31, 2022 and 2020 and current assets and net assets balances as at March 31, 2021 and 2020. 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 in 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 Organization 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 opinion.

### **Emphasis of Matter – COVID-19 Pandemic**

We draw attention to Note 19 to the financial statements which discusses the COVID-19 pandemic and the uncertain and undeterminable effects this pandemic may have on future operations and cash flows of the company. Our opinion is not modified in respect of this matter.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the Corporations Act (Ontario), we report that the Canadian generally accepted accounting principles have been applied on a basis consistent with that of the preceding year.

## **Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Organization'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 the Organization or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

## **Auditors' Responsibility 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it 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 Organization'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 Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Organization 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.

[REDACTED]

[REDACTED]

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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.

[REDACTED]

Authorized to practice public accounting by The Chartered Professional Accountants of Ontario

Toronto, Canada

[REDACTED]

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**KENNEDY HOUSE****Statement of Financial Position****March 31, 2022**

	2022	2021
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents (note 2)	\$ 2,551,900	\$ 2,321,208
Investments (note 4)	1,523,237	1,395,327
Accounts receivable (note 5)	394,172	295,859
Refundable government remittances	116,994	73,639
Prepaid expenses and supplies	37,350	895
	4,623,653	4,086,928
Capital assets, net (note 7)	4,972,436	5,233,310
Investments held for future foundation (notes 4, 10, 17)	29,326	29,326
Investments held for future expansion (notes 4, 11)	1,971,982	1,971,982
Investments held for scholarships (notes 4, 11)	131,339	134,339
	\$ 11,728,736	\$ 11,455,885
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities (notes 8, 15)	\$ 934,620	\$ 719,467
Contributions for capital assets (note 9)	3,405,446	3,610,369
Deferred contributions (notes 10, 16)	1,091,846	996,564
	5,431,912	5,326,400
<b>NET ASSETS</b>		
Internally restricted (note 11)	2,133,149	2,136,149
Invested in capital assets (note 12)	1,566,990	1,622,941
Unrestricted	2,596,685	2,370,395
	6,296,824	6,129,485
	\$ 11,728,736	\$ 11,455,885
Commitments (note 18)		
COVID-19 pandemic (note 19)		

ON BEHALF OF THE BOARD

Chair

Treasurer

**KENNEDY HOUSE**  
**Statement of Operations**  
**year ended March 31, 2022**

	2022	2021
<b>Revenue</b>		
Provincial government subsidy (note 13)	\$ 2,968,725	\$ 3,338,286
Municipal government subsidy (note 14)	2,851,390	2,075,650
Federal government subsidy (note )	-	25,000
Children's Aid Societies	3,201,801	3,850,940
Donations and grants (note 16)	35,178	111,244
	<u>9,057,094</u>	<u>9,401,120</u>
<b>Expenses</b>		
Salaries and wages (note 21)	6,445,394	6,230,745
Administrative	782,977	795,461
Occupancy costs	545,799	543,429
Security	244,979	262,891
Food services	196,448	190,838
Other program costs	179,324	467,617
Travel expenses	112,971	91,691
Repairs and maintenance	107,882	106,333
Client personal needs	75,208	83,508
Professional fees (note 17)	72,587	72,944
Training and recruitment	66,130	41,850
Health and related	47,232	42,806
Miscellaneous	42,459	47,428
Payroll service charges	33,221	33,860
Client related professional services	12,888	20,388
Interest and bank charges	3,129	3,157
Recovery of harmonized sales tax	(191,756)	(153,217)
	<u>8,776,872</u>	<u>8,881,729</u>
Excess of revenue over expenses before the following (note 15)	280,222	519,391
Investment income (loss)	163,262	485,759
Rental	36,000	35,999
Amortization of deferred contributions	228,644	222,683
Amortization of capital assets	(304,614)	(298,499)
Repayment of surplus to the Ontario Ministry of Children and Youth Services (note 15)	(21,478)	(24,661)
Repayment of surplus to the City of Toronto	(214,697)	-
Excess of revenue over expenses for the year	<u>\$ 167,339</u>	<u>\$ 940,672</u>

See accompanying notes

**KENNEDY HOUSE****Statement of Changes in Net Assets**  
**year ended March 31, 2022**

	<b>2022</b>			
	<b>Unrestricted</b>	<b>Invested in capital assets (Note 12)</b>	<b>Internally restricted (Note 11)</b>	<b>Total</b>
Net assets, beginning of year	\$ 2,370,395	\$ 1,622,941	\$ 2,136,149	\$ 6,129,485
Excess of revenue over expenses for the year	167,339	-	-	167,339
Change in internally restricted net assets (note 11)	3,000	-	(3,000)	-
Change in invested in capital assets (note 12)	55,951	(55,951)	-	-
Net assets, end of year	\$ 2,596,685	\$ 1,566,990	\$ 2,133,149	\$ 6,296,824

	<b>2021</b>			
	<b>Unrestricted</b>	<b>Invested in capital assets (Note 12)</b>	<b>Internally restricted (Note 11)</b>	<b>Total</b>
Net assets, beginning of year	\$ 1,654,679	\$ 1,666,906	\$ 1,867,228	\$ 5,188,813
Excess of revenue over expenses for the year	940,672	-	-	940,672
Change in internally restricted net assets (note 11)	(268,921)	-	268,921	-
Change in invested in capital assets (note 12)	43,965	(43,965)	-	-
Net assets, end of year	\$ 2,370,395	\$ 1,622,941	\$ 2,136,149	\$ 6,129,485

**KENNEDY HOUSE**  
**Statement of Cash Flows**  
**year ended March 31, 2022**

	2022	2021
<b>Cash flows from operating activities</b>		
Excess of revenue over expenses for the year	\$ 167,339	\$ 940,672
Adjustments for		
Amortization of capital assets	304,614	298,499
Amortization of contributions for capital assets	(228,644)	(222,683)
	243,309	1,016,488
Change in non-cash working capital items		
Accounts receivable	(98,313)	109,123
Refundable government remittances	(43,357)	(7,929)
Prepaid expenses and supplies	(36,456)	22,257
Accounts payable and accrued liabilities	215,153	(51,749)
	280,336	1,088,190
<b>Cash flows from investing activities</b>		
Purchase of capital assets	(43,741)	(71,842)
Purchase of investments	(124,907)	(808,241)
	(168,648)	(880,083)
<b>Cash flows from financing activities</b>		
Increase in contributions for capital assets	23,722	39,991
Decrease in future rent	-	(559)
Increase in deferred contributions	95,282	420,459
	119,004	459,891
Increase in cash and cash equivalents	230,692	667,998
Cash and cash equivalents, beginning of year	2,321,208	1,653,210
Cash and cash equivalents, end of year	\$ 2,551,900	\$ 2,321,208

See accompanying notes



**KENNEDY HOUSE****Notes to Financial Statements****March 31, 2022**

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**DESCRIPTION OF THE ORGANIZATION**

Kennedy House is a corporation without share capital under the laws of the Canada Not-for-Profit Corporations Act. Kennedy House is a non-profit charitable organization and is accordingly exempt from income taxes under the Canadian Income Tax Act.

Established in 1971, Kennedy House has a long history of providing therapeutic residential care to troubled youth in the Greater Toronto Area. Since its inception, Kennedy House has worked with over 14,000 youth through various programs. Kennedy House currently operates group homes for young men and women, homes for youth with developmental disabilities, a day treatment school program, a secure custody facility for youth experiencing conflict with the law, a bailiff program, a homeless shelter for youth and an after school program for vulnerable children. The programs are funded through the Ministry of Child and Youth Services, referring agency per diems, City of Toronto, fixed service contracts and donations and grants from foundations and corporations.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Basis of presentation**

The financial statements of Kennedy House have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. These standards are in accordance with Canadian generally accepted accounting principles within the framework of the significant accounting policies summarized below:

**Revenue recognition**

Kennedy House follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions externally restricted as to use are deferred and recognized as revenue in the year in which the related expenses are recognized.

Contributions received for capital assets are deferred in the accounts and amortized over the same terms and on the same basis as the related capital assets.

Revenue from services to Children's Aid Societies is recognized when the service has been provided.

Investments are recorded in the accounts at market value. Unrealized gains (losses) are included in investment income. Interest from investments is recorded on an accrual basis and included in investment income. Dividend income is recorded when received.

# KENNEDY HOUSE

## Notes to Financial Statements

March 31, 2022

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

#### Revenue recognition, continued

Rental income is recognized over the period of rent.

Other income is recorded when reasonable assurance exists regarding its measurement and collectibility.

#### Cash and cash equivalents and bank indebtedness

Bank balances and bank overdrafts that fluctuate frequently from being positive to overdrawn and term deposits with a maturity period of three months or less from the date of acquisition are disclosed under cash and cash equivalents or bank indebtedness when overdrawn.

#### Prepaid expenses and supplies

Prepaid expenses and supplies are stated at the lower of cost (using the first-in, first-out method) and net realizable value.

#### Capital assets

Purchased capital assets are recorded at cost less accumulated amortization. Contributions of capital assets are capitalized at fair market value at the date of contribution.

Amortization is provided for over the estimated useful life of the asset, on a straight-line basis over the following periods:

Youth Centre (Ajax)	40 years
Other buildings	40 years
Furniture and equipment	5 years
Vehicles	5 years
Leasehold improvements	5 years

Full amortization is recorded in the year of acquisition.

#### Employee benefits

Contributions to a registered retirement savings plan are expensed when due.

#### Volunteer services and contributed materials

The work of Kennedy House is dependent on the volunteer services of many members and others. The nature and amount of volunteer services are not reflected in these financial statements because of the difficulty of determining their fair value. Contributed materials are also not reflected in these financial statements.

**KENNEDY HOUSE**  
**Notes to Financial Statements**  
**March 31, 2022**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Financial instruments**

*Measurement*

Kennedy House initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The entity subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments which are measured at fair value. Changes in fair value are recognized in net income. Financial assets measured at amortized cost include cash, accounts receivable, cash held for future expansion and cash held for scholarships. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities. Investments including investments held for future expansion, future foundation and investments held for scholarships are measured at fair value. Changes in fair value are recognized in income.

*Impairment*

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

*Transaction costs*

Kennedy House recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

*Use of estimates*

The preparation of these financial statements in conformity with Canadian standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are used when accounting for items and matters such as allowance for uncollectible accounts receivable, useful life of capital assets and provisions and contingencies. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

**KENNEDY HOUSE****Notes to Financial Statements****March 31, 2022**

<b>2. CASH AND CASH EQUIVALENTS</b>	<b>2022</b>	<b>2021</b>
Cash	\$ 2,551,900	\$ 2,321,208
	\$ 2,551,900	\$ 2,321,208

**3. CREDIT FACILITY**

Kennedy House has a demand operating line of credit of \$120,000 with no balance (2021 - \$NIL) outstanding as at March 31, 2022. The demand operating line of credit bears interest at 2.65% plus the bank's prime rate of 2.45% (2021 - 2.45%).

**4. INVESTMENTS**

Investments are measured at fair value and consist of Bonds, Preferred Shares and Common Shares with principal amounts ranging from \$2,920 to \$1,082,786 (2021 - \$2,920 to \$719,671), interest rates of 1.95% to 3.25% (2021 - 1.61% to 4.57%) and maturity dates from September 2022 to May 2026 (2021 - June 2021 to May 2026).

Investments in the amount of \$1,971,982 (2021 - \$1,971,982) have been classified as long-term assets representing internally restricted funds for future expansion, (note 11). Investments in the amount of \$131,339 (2021 - \$134,339) have been classified as long-term assets representing scholarships, (note 11). Investments in the amount of \$29,326 (2021 - \$29,326) have been classified as long-term assets representing externally restricted contributions for a future foundation, (note 10).

# KENNEDY HOUSE

## Notes to Financial Statements

March 31, 2022

### 5. ACCOUNTS RECEIVABLE

Kennedy House provides services to various Children's Aid Societies. As at March 31, 2022, ten (2021 - three) Children's Aid Societies represented 75% (2021 - 72%) of the total accounts receivable balance.

### 6. YOUTH CENTRE (AJAX)

Pursuant to an agreement between Kennedy House and the Ministry of Community and Social Services, in the event that the Youth Centre (Ajax) is sold, Kennedy House is entitled to receive 30% of the net proceeds from the disposition of the land only.

### 7. CAPITAL ASSETS

			2022	2021
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings	\$ 9,672,398	5,663,364	\$ 4,009,034	\$ 4,235,797
Furniture and equipment	519,471	459,335	60,136	56,427
Vehicles	540,549	488,604	51,945	88,488
Land	850,045	-	850,045	850,045
Leasehold improvements	21,578	20,302	1,276	2,553
	\$ 11,604,041	6,631,605	\$ 4,972,436	\$ 5,233,310

The decrease in the net book value of capital assets is due to the following:

	2022	2021
Balance, beginning of year	\$ 5,233,310	\$ 5,459,968
Purchase of capital assets, internally funded	20,019	31,851
Purchase of capital assets, externally funded	23,721	39,990
Amortization of capital assets	(304,614)	(298,499)
Balance, end of year, note 12	\$ 4,972,436	\$ 5,233,310

**KENNEDY HOUSE****Notes to Financial Statements****March 31, 2022**

<b>8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES</b>		<b>2022</b>	<b>2021</b>
Accounts payable and accrued liabilities	\$	864,874	\$ 654,585
Government remittances payable		69,746	64,882
	\$	934,620	\$ 719,467
<b>9. CONTRIBUTIONS FOR CAPITAL ASSETS</b>		<b>2022</b>	<b>2021</b>
Balance, beginning of year	\$	3,610,369	\$ 3,793,062
Contributions received during the year, (note 13)		23,722	39,991
Amortization of contributions for capital assets		(228,645)	(222,684)
Balance, end of year, (note 12)	\$	3,405,446	\$ 3,610,369
<b>10. DEFERRED CONTRIBUTIONS</b>		<b>2022</b>	<b>2021</b>
Balance, beginning of year	\$	996,564	\$ 576,107
Contributions received during the year		824,879	784,414
Contributions recognized as revenue		(557,922)	(338,518)
Contributions returned during the year		(171,675)	(25,439)
Balance, end of year	\$	1,091,846	\$ 996,564

Deferred contributions include externally restricted contributions from prior years and investment income earned thereon in the amount of \$29,342 (2021 - \$29,342) for the purpose of establishing a foundation in the future. If a future foundation is not established using the funds within 15 years from the date of receipt, the contribution may be used for other purposes other than subsidizing any program operating funds. Additionally, starting on January 1, 2019, Kennedy House may withdraw 4% of the value of the fund to use for unrestricted purposes. As at March 31, 2022, no amount has been withdrawn for unrestricted purposes.

# KENNEDY HOUSE

## Notes to Financial Statements

March 31, 2022

### 11. INTERNALLY RESTRICTED NET ASSETS

An amount has been internally restricted by the Board of Directors for future expansion. The Board of Directors has also established a scholarship fund to assist [REDACTED] and [REDACTED] students. Scholarships are awarded to qualifying individuals who intend to pursue their studies in the field of social work.

During fiscal 2008, the Board reserved \$75,000 to establish an annual lecture series in memory of the founding Executive Director. This series is aimed at providing industry updates to front line social workers for the next 5 to 10 years. Of this balance, \$NIL (2021 - \$NIL) was used in fiscal 2022.

2022				
	Lecture Series	Future expansion	Scholarship fund	Total
Balance, beginning of year	\$ 29,828	\$ 1,971,982	\$ 134,339	\$ 2,136,149
Contributions to (use of) funds	-	-	(3,000)	(3,000)
Investment income	-	-	-	-
Change in internally restricted net assets	-	-	(3,000)	(3,000)
	\$ 29,828	\$ 1,971,982	\$ 131,339	\$ 2,133,149
2021				
	Lecture Series	Future expansion	Scholarship fund	Total
Balance, beginning of year	\$ 29,828	\$ 1,717,585	\$ 119,815	\$ 1,867,228
Contributions to (use of) funds	-	-	(3,000)	(3,000)
Investment income	-	254,397	17,524	271,921
Change in internally restricted net assets	-	254,397	14,524	268,921
	\$ 29,828	\$ 1,971,982	\$ 134,339	\$ 2,136,149

**KENNEDY HOUSE****Notes to Financial Statements****March 31, 2022**

<b>12. NET ASSETS INVESTED IN CAPITAL ASSETS</b>	<b>2022</b>	<b>2021</b>
Capital assets, net, (note 7)	\$ 4,972,436	\$ 5,233,310
Less amounts financed by contributions for capital assets, (note 9)	(3,405,446)	(3,610,369)
<b>Balance, end of year</b>	<b>\$ 1,566,990</b>	<b>\$ 1,622,941</b>

The change in net assets invested in capital assets is as follows:

	<b>2022</b>	<b>2021</b>
Purchase of capital assets	\$ 43,741	\$ 71,842
Contributions for capital assets received during the year	(23,722)	(39,991)
Amortization of capital assets	(304,614)	(298,499)
Amortization of contributions for capital assets	228,644	222,683
	<b>\$ (55,951)</b>	<b>\$ (43,965)</b>

<b>13. PROVINCIAL GOVERNMENT SUBSIDY</b>	<b>2022</b>	<b>2021</b>
Funding received from the Ontario Ministry of Children, Community and Social Services	\$ 2,896,306	\$ 3,294,179
Funding received from the Ontario Ministry of Health	85,490	81,390
Less contributions for capital assets received during the year	(13,071)	(37,283)
	<b>\$ 2,968,725</b>	<b>\$ 3,338,286</b>

Included in the funding received from the Ontario Ministry of Children, Community and Social Services ("MCCSS") are subsidies that Kennedy House applied for and received under the Temporary Wage Enhancement and Covid Residential Relief Fund programs in the amounts of \$403,940 (2021 - \$75,666) and \$15,932 (2021 - \$386,279) respectively. The purpose of the Temporary Wage Enhancement subsidy was to support eligible frontline staff who are experiencing severe challenges and are at heightened risk due to the COVID-19 pandemic. The purpose of the Covid Residential Relief Fund subsidy was to manage the health and safety of individuals supported in residential settings as well as the staff who support them.



**KENNEDY HOUSE****Notes to Financial Statements****March 31, 2022****14. MUNICIPAL GOVERNMENT SUBSIDY**

	2022	2021
Funding from the City of Toronto for the Youth Shelter	\$ 2,845,843	\$ 2,151,442
Funding received from the City of Toronto		
Investing in Neighbourhoods Program	16,197	-
Grant received from the City of Toronto		
Urban Health Fund	-	45,604
Less portion of funding deferred or repayable	(10,650)	(121,396)
	<u>\$ 2,851,390</u>	<u>\$ 2,075,650</u>

Included in the funding received from the City of Toronto for Youth Shelter are operational funds in the amount of \$1,273,467 (2021 - \$569,108) for Kennedy House to operate a second temporary location for its Youth Shelter program.

**KENNEDY HOUSE****Notes to Financial Statements****March 31, 2022****15. SERVICE CONTRACT WITH THE ONTARIO MINISTRY OF CHILDREN AND YOUTH SERVICES**

Kennedy House has service contracts with the Ontario Ministry of Children and Youth Services and the Ontario Ministry of Community and Social Services (collectively "the Ministry"). One requirement of the contracts is the production by management of a report, the Annual Reconciliation Report ("ARR"), which is a summary, by service, of all receipts and expenses and any resulting excess (deficiency) of receipts over expenses that relates to the contracts. This report is formerly known as the Transfer Payment Annual Reconciliation.

The following programs have an excess of receipts over expenses (expenses over receipts) for the year ended March 31, 2022:

	Youth Centre Ajax	Bailiff	Day Treatment
Surplus (deficit) for the year	\$ (150,296)	\$ 14,502	\$ 23,667
Reconciling items:			
Add back: current year vacation accrual	13,379	3,727	-
Deduct: prior year vacation accrual	(28,854)	(3,727)	(2,189)
Add back: amortization of capital assets	216,760	8,507	-
Deduct: amortization of contributions of capital assets	(216,391)	(8,507)	-
Add back: contributions for capital assets	13,071	-	-
Deduct: purchases of capital assets	(13,071)	-	-
Surplus (deficit) for Ministry purposes	\$ (165,402)	\$ 14,502	\$ 21,478

As at March 31, 2022 there is a net amount of \$21,478 (2021 - \$24,661) owing to the Ministry for the surplus from the current year which is included in accounts payable and accrued liabilities.

Kennedy House has applied for additional funding from the Ministry to cover the deficit incurred in Ajax. The amount of the funding to be approved was not available as of the date of these financial statements and was not included in the books of Kennedy House.