

Financial Statements of

THE KENSINGTON HEALTH FOUNDATION

June 30, 2024

D C Tinkham FCPA FCA CMC LPA
P J Brocklesby CPA CA LPA
M Y Tkachenko CPA CA
M W G Rooke CPA CA LPA
A C Callas CPA CA LPA
G P Kroeplin CPA
C R Braun CPA CA
H S Grewal CPA

300 - 2842 Bloor Street West
Toronto Ontario M8X 1B1
Canada

TEL 1 416 233 2139
FAX 1 416 233 1788

TINKHAMCPA.COM

INDEPENDENT AUDITOR'S REPORT

To the Members of
THE KENSINGTON HEALTH FOUNDATION

Opinion

We have audited the financial statements of The Kensington Health Foundation ("the Foundation"), which comprise the balance sheet as at June 30, 2024 and the statements of revenue and expense, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at June 30, 2024, 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 Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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 related 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.

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 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.

Toronto, Ontario
November 26, 2024

Licensed Public Accountants

THE KENSINGTON HEALTH FOUNDATION

Balance Sheet

As at June 30,	2024	2023
Assets		
Current assets		
Cash	\$ 2,205,985	\$ 778,660
Public service bodies' rebate receivable	25,126	23,951
Accounts receivable (note 4(a))	83,519	95,713
Prepaid expenses	126,705	159,385
Due from related organization (note 4(b))	-	51,978
Promissory note receivable from The Kensington Eye Institute (note 4(f))	205,816	-
Promissory note receivable from The Kensington Health Centre (note 4(g))	-	1,200,000
	2,647,151	2,309,687
Investments (note 3)	38,709,475	35,423,778
Mortgage loan receivable from The Kensington Health Centre (note 4(e))	3,500,000	3,500,000
Promissory note receivable from The Kensington Eye Institute (note 4(f))	719,184	-
Promissory note receivable from The Kensington Health Centre (note 4(g))	-	1,600,000
Capital assets (note 5)	4,913,135	5,413,526
	\$ 50,488,945	\$ 48,246,991
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 713,281	\$ 352,092
HST payable	83,299	80,704
Rent deposits	130,268	138,235
Due to related organizations (note 4(b))	273,662	107,297
	1,200,510	678,328
Net assets		
Externally restricted (note 2(a))	796,655	1,881,514
Internally restricted (note 11)	1,118,548	1,071,284
Unrestricted net assets	47,373,232	44,615,865
	49,288,435	47,568,663
	\$ 50,488,945	\$ 48,246,991

Commitments (note 10)

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

THE KENSINGTON HEALTH FOUNDATION

Statement of Revenue and Expense

Year ended June 30,			2024	2023
	General Fund	Restricted Fund	Total (note 13)	Total
Revenues				
Donations and sponsorships				
Designated (note 6(a))	\$ -	\$ 617,167	\$ 617,167	\$ 1,178,585
Non-designated	267,469	-	267,469	171,957
Other restrictions	-	16,178	16,178	-
Legacy gifts				
Designated (note 6(b))	-	-	-	1,992
Non-designated	2,467	-	2,467	12,712
Investment income (note 4(e), (f) and (g))	1,389,024	66,908	1,455,932	1,154,004
Adjustment of investments to market values	1,237,269	-	1,237,269	1,942,950
Net rental income (note 4(d) and 7)	2,027,221	-	2,027,221	2,089,396
Other income	15,971	-	15,971	2,951
	4,939,421	700,253	5,639,674	6,554,547
Expenses				
Salaries, wages and benefits (note 8 and 9)	1,394,077	-	1,394,077	992,206
Fundraising and events	243,115	8,032	251,147	212,863
Administrative (note 4(h))	222,253	-	222,253	220,393
Investment management fees	92,732	-	92,732	88,280
Professional fees	43,439	-	43,439	22,493
	1,995,616	8,032	2,003,648	1,536,235
Excess of revenues over expenses before grants and donations	2,943,805	692,221	3,636,026	5,018,312
Deduct grants and donations to				
- The Kensington Health Centre (note 4(c)(i))	119,174	1,585,589	1,704,763	819,642
- The Second Mile Club of Toronto (note 4(c)(ii))	20,000	135,199	155,199	84,272
- The Kensington Eye Institute (note 4(c)(iii))	-	54,754	54,754	34,854
- The Kensington Research Institute (note 4(c)(iv))	-	1,538	1,538	-
Excess (deficiency) of revenues over expenses for the year	\$ 2,804,631	\$ (1,084,859)	\$ 1,719,772	\$ 4,079,544

See accompanying notes to financial statements.

THE KENSINGTON HEALTH FOUNDATION

Statement of Changes in Net Assets

Year ended June 30,	2024				2023
	General Fund		Externally restricted	Total	Total
	Internally restricted (note 11)	Unrestricted			
Net assets, beginning of year	\$ 1,071,284	\$ 44,615,865	\$ 1,881,514	\$ 47,568,663	\$ 43,489,119
Excess (deficiency) of revenues over expenses for the year	47,264	2,757,367	(1,084,859)	1,719,772	4,079,544
Net assets, end of year	\$ 1,118,548	\$ 47,373,232	\$ 796,655	\$ 49,288,435	\$ 47,568,663

See accompanying notes to financial statements.

THE KENSINGTON HEALTH FOUNDATION

Statement of Cash Flows

Year ended June 30,	2024	2023
Operating activities		
Cash received from building rental (net)	\$ 2,491,865	\$ 2,344,409
Cash received from investment income	1,146,931	826,305
Cash received from donations	891,066	1,309,563
Cash received from other income	15,971	2,951
Cash paid for operating expenses	(1,368,509)	(1,570,497)
Cash paid for grants and donations	(1,937,550)	(915,328)
Net cash provided by operating activities	1,239,774	1,997,403
Investing activities		
Sale (purchase) of investments (net)	(1,687,449)	37,756
Purchase of capital assets	-	(41,706)
Net cash used by investing activities	(1,687,449)	(3,950)
Financing activities		
Cash advanced on promissory note	(925,000)	-
Cash received from collection of promissory note	2,800,000	-
Cash advanced to related party	-	(2,023,160)
Net cash provided (used) by financing activities	1,875,000	(2,023,160)
Increase (decrease) in cash	1,427,325	(29,707)
Cash, beginning of year	778,660	808,367
Cash, end of year	\$ 2,205,985	\$ 778,660

See accompanying notes to financial statements.

THE KENSINGTON HEALTH FOUNDATION

Notes to Financial Statements

June 30, 2024

1 Organization

The Kensington Health Foundation ("the Foundation") was incorporated in the province of Ontario without share capital on March 31, 1978. The Foundation is a registered charity under the Income Tax Act (Canada) and accordingly is exempt from income taxes.

The Foundation receives, accumulates and distributes funds and / or income to support the mission, programs and services of The Kensington Health Centre ("KHC"), The Kensington Eye Institute ("KEI"), The Kensington Research Institute ("KRI"), The Second Mile Club of Toronto ("SMC"), and organizations that promote and improve community health.

The Foundation owns revenue-producing real estate located at 340 College Street, Toronto, Ontario and an investment portfolio.

2 Significant accounting policies

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Revenue recognition

(i) Contributions

The Foundation follows the restricted fund method of accounting for contributions, which includes donations, sponsorships and legacy gifts.

For financial reporting purposes, the accounts of the Foundation have been classified into funds. The Foundation ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided.

The General Fund accounts for the Foundation's general fundraising, granting and administrative activities. This fund reports unrestricted and internally restricted resources.

The Restricted Fund reports resources received by the Foundation that are designated by the donor to be used for a specified related organization, or program within the related organization, or a specified purpose.

Donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

The Foundation may be the beneficiary under various wills and trust agreements. The total realizable amounts are not at present readily determinable. The Foundation recognizes such legacy gifts when the amount to be received can be reasonably estimated and collection is reasonably assured.

(ii) Investment income

Investment income is recognized on an accrual basis.

Investment income comprises interest from cash and investments, dividend income on pooled funds and realized gains and losses on the sale of investments.

Adjustment of investments to market values (net) comprises the unrealized gains and losses on investments held.

(iii) Rental revenue

Rental revenue is recognized over the term of the lease and when collection is reasonably assured.

Tenant's rental deposits consist of rent received in advance and security deposits and are deferred and recorded as income in the year to which they relate.

THE KENSINGTON HEALTH FOUNDATION

Notes to Financial Statements

June 30, 2024

2 Significant accounting policies (continued)

(b) Contributed goods and services

The value of contributed goods and services is recorded as revenue and an expense in the financial statements when the fair value can be reasonably estimated and when the goods and services would otherwise be purchased if not donated.

Volunteers provide invaluable donated services to the Foundation. Since these services are not normally purchased by the Foundation and because of the difficulty of determining their fair value, donated services are not recognized in the financial statements.

(c) Capital assets

The Foundation records capital assets at cost. The cost of a capital asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

When conditions indicate a capital asset no longer contributes to the Foundation's ability to provide services or that the value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount, its net carrying amount is written down to its fair value or replacement costs.

Capital assets are amortized over their estimated useful lives using the straight-line method as follows:

Building and building improvements	10 to 40 years
Furniture and equipment	5 years
Signage	5 years

(d) Employee pension plan

Effective December 16, 2023, eligible employees of the Foundation became members of the Healthcare of Ontario Pension Plan ("HOOPP"), which is a multi-employer defined benefit pension plan. Defined contribution accounting is applied to HOOPP and contributions are recognized as salaries, wages and benefits expense as incurred.

The Foundation does not recognize any share of HOOPP's pension surplus or deficit as insufficient information is available to identify the Foundation's share of the underlying pension assets and liabilities. Each year an independent actuary determines the funding status of HOOPP by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan as at December 31, 2023 indicates the Plan is 110% funded. HOOPP's statement of financial position as at December 31, 2023 disclosed total pension obligations of \$102.4 billion with net assets at that date of \$112.6 billion indicating a surplus of \$10.2 billion.

Prior to December 16, 2023, the pension plan of the Foundation was the Ontario Long-Term Care Association Pension Plan ("OLTCA"), a multi-employer defined contribution plan.

THE KENSINGTON HEALTH FOUNDATION

Notes to Financial Statements

June 30, 2024

2 Significant accounting policies (continued)

(e) Financial instruments

(i) Measurement

The Foundation initially measures its financial assets and financial liabilities originated or exchanged in arm's length transactions at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Financial assets and financial liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the organization is in the capacity of management, are initially measured at cost. The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms.

The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost, except for equity investments, which are measured at fair value. Changes in fair value are recognized in the statement of revenue and expense in the year incurred.

The fair values of the investments are determined by reference to quoted market prices.

(ii) Impairment

At the end of each reporting period, the Foundation assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment includes observable data that comes to the attention of the Foundation. When there is an indication of impairment, the Foundation determines whether a significant adverse change has occurred during the year in the expected timing or amount of future cash flows from the financial asset.

(iii) Transaction costs

Transaction costs are recognized in the statement of revenue and expense in the year incurred, except for financial instruments that will be subsequently measured at amortized cost. Investment management fees are expensed as incurred.

(f) 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, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the current year. Significant estimates include the impairment of accounts receivable, fair value of investments and useful lives of capital assets.

All estimates are reviewed periodically and adjustments are made to the statement of revenue and expense as appropriate in the year they become known.

THE KENSINGTON HEALTH FOUNDATION

Notes to Financial Statements

June 30, 2024

3 Investments

The composition of the Foundation's investments by type are as follows:

As at June 30,	2024	2023
Cash	\$ 74,984	\$ 470,916
Pooled funds - at fair value		
Canadian equities	11,696,808	11,276,614
International equities	8,093,306	8,417,402
Short term private debt fund	1,215,229	1,122,415
Fixed income - at amortized cost		
Guaranteed investment certificates - redeemable	1,599,777	3,748,051
Guaranteed investment certificates - non-redeemable	16,029,371	10,388,380
	\$ 38,709,475	\$ 35,423,778

The redeemable guaranteed investment certificates bear interest at 5.06% (2023 - rates ranging from 4.15% to 4.67%) and mature on August 15, 2024 (2023 - dates ranging from November 22, 2023 to April 1, 2024).

The non-redeemable guaranteed investment certificates bear interest at rates ranging from 4.24% to 5.75% (2023 - 3.03% to 5.12%) and mature on dates ranging from July 19, 2024 to March 28, 2029 (2023 - July 19, 2023 to December 22, 2027).

4 Related party transactions and balances

The Foundation is responsible for all fundraising activities carried out on behalf of Kensington Health ("KH"). KH is comprised of KHC, KEI, KRI and SMC.

KHC was incorporated by letters patent in the province of Ontario on March 1, 1955. KHC owns and operates a 350-bed long term care facility ("Gardens") and a 19-bed hospice ("Hospice"). KHC is committed to improving the health of its community by working with consumers and other providers to deliver culturally appropriate health care and related social service programs for people of all ages, as well as a continuum of long term care and complementary programs for seniors.

KEI was incorporated without share capital in the province of Ontario October 6, 2003. KEI is licensed under the Independent Health Facilities Act and operates a Surgical and Medical Vision Care and Research facility to provide surgical, medical and ancillary ambulatory care services to the public. KEI is dedicated to providing educational programs and materials as well as academic and teaching resources pertaining to medical and surgical eye care, including specifically the education of medical students, physicians, surgical residents and fellows, nursing staff, technologists and other paramedical personnel. KEI also conducts research around vision health issues. Additionally, KEI operates the Kensington Vision and Research Centre ("KVRC"), the Kensington Cancer Screening Centre ("KCSC"), the Kensington Diagnostic Imaging Centre ("KDIC") and the Eye Bank of Canada (Ontario Division) ("EBOC").

KRI was incorporated without share capital in the province of Ontario on January 4, 2008. KRI is dedicated to providing health-related research, services and educational programs and materials as well as other academic and teaching resources pertaining to medical and surgical eye care, including specifically the education of medical students, physicians, surgeons nursing staff, technologists and other paramedical personnel.

SMC was incorporated without share capital in the province of Ontario on June 16, 1947. SMC is a community support agency that serves seniors and older adults with disabilities in the City of Toronto. SMC provides a diverse range of services and programs designed to support the independence, social well being and health of a multicultural community of seniors and older adults, along with a helping hand and respite for families and caregivers.

THE KENSINGTON HEALTH FOUNDATION

Notes to Financial Statements

June 30, 2024

4 Related party transactions and balances (continued)

Each of KHC, KEI, KRI and SMC is a registered charity under the Income Tax Act (Canada) and accordingly is exempt from income taxes.

KHC, KEI, KRI and SMC is governed by independent Boards of Directors.

The assets, liabilities and operating activities of the related corporations are excluded from the Foundation's financial statements.

All transactions between related parties are in the normal course of operations and have been recorded at the exchange amount, which is the amount of consideration agreed to by both parties.

(a) Accounts receivable

Included in accounts receivable is \$13,519 (2023 - \$34,734) in rent and common area maintenance fees due from KEI. The balance is non-interest bearing and due on demand.

(b) Due from / to related organizations

The balance due from related organizations is comprised of:

As at June 30,	2024	2023
KHC	\$ -	\$ 51,978

The balance due to related organizations is comprised of:

As at June 30,	2024	2023
KEI	\$ 7,544	\$ 11,619
KHC	246,088	94,719
SMC	20,030	959
	\$ 273,662	\$ 107,297

Amounts due from / to related organizations are non-interest bearing with no fixed terms of payment.

THE KENSINGTON HEALTH FOUNDATION

Notes to Financial Statements

June 30, 2024

4 Related party transactions and balances (continued)

(c) Grants and donations

(i) The Kensington Health Centre

Year ended June 30,			2024		2023
	General Fund	Restricted Fund	Total		Total
KHC					
Donations designated	\$ 13,982	\$ 94,691	\$ 108,673	\$	47,789
Interest sustainability grant (note 10(a) and (c))	105,192	-	105,192		121,978
Hospice					
Donations designated for the Expansion	-	1,013,700	1,013,700		78,615
Donations designated	-	237,559	237,559		425,378
Operating grants (note 10(b))	-	239,639	239,639		-
Debt sustainability grant	-	-	-		145,882
	\$ 119,174	\$ 1,585,589	\$ 1,704,763	\$	819,642

(ii) The Second Mile Club of Toronto

Year ended June 30,			2024		2023
	General Fund	Restricted Fund	Total		Total
Donations designated	\$ -	\$ 135,199	\$ 135,199	\$	84,272
Operating grants	20,000	-	20,000		-
	\$ 20,000	\$ 135,199	\$ 155,199	\$	84,272

(iii) The Kensington Eye Institute

Year ended June 30,			2024		2023
	General Fund	Restricted Fund	Total		Total
Donations designated for					
KEI	\$ -	\$ 42,027	\$ 42,027	\$	17,576
EBOC	-	6,130	6,130		12,722
KVRC	-	3,720	3,720		3,890
KSC	-	2,627	2,627		666
KDIC	-	250	250		-
	\$ -	\$ 54,754	\$ 54,754	\$	34,854

THE KENSINGTON HEALTH FOUNDATION

Notes to Financial Statements

June 30, 2024

4 Related party transactions and balances (continued)

(c) Grants and donations (continued)

(iv) The Kensington Research Institute

Year ended June 30,			2024		2023
	General Fund	Restricted Fund	Total		Total
Donations designated	\$ -	\$ 1,538	\$ 1,538	\$ -	

(d) Rental revenue

Included in net rental income is revenue from KEI as follows:

Year ended June 30,	2024		2023
Basic rent	\$ 880,115	\$	788,180
Common area, maintenance and realty tax recoveries	1,045,510		962,999
Parking	45,700		40,900
	\$ 1,971,325	\$	1,792,079

(e) Mortgage loan receivable from The Kensington Health Centre

The Foundation has a \$3,500,000 (2023 - \$3,500,000) mortgage loan receivable from KHC, which is secured by a mortgage on the long-term care facilities. The mortgage loan receivable matures September 1, 2028 and requires monthly payments of interest-only until October 31, 2025, and beginning November 1, 2025 monthly payments of \$100,000 plus interest at an annual rate of interest of 2.00%.

Included in investment income is interest of \$70,000 (2023 - \$70,000) earned on the mortgage loan.

The Foundation has committed to provide a monthly grant to KHC equal to the interest on the mortgage loan receivable as described in note 10(a).

(f) Promissory note receivable from The Kensington Eye Institute

The Foundation advanced \$925,000 to KEI, which is secured by a promissory note. The promissory note requires minimum payments of interest-only at a rate of 5.00% per annum to August 1, 2023. Starting on September 1, 2024, blended monthly installments of principal and interest of \$24,053 for a maximum of 42 months ending February 1, 2028 are required.

Included in investment income is interest of \$42,395 earned on the promissory note.

(g) Promissory note receivable from The Kensington Health Centre

The promissory note receivable from KHC in the amount of \$2,800,000 was collected in the current year.

Included in investment income is interest of \$35,192 (2023 - \$51,978) earned on the promissory note.

(h) Administrative assistance

KEI provides certain services to the Foundation and pays certain expenses, including shared employee compensation, on behalf of the Foundation. The Foundation reimburses KEI for all direct costs and an estimate of shared costs associated with services provided and expenses paid. Included in administrative expenses are payments to KEI totaling \$200,000 (2023 - \$200,000) as reimbursement for these expenses.

THE KENSINGTON HEALTH FOUNDATION

Notes to Financial Statements

June 30, 2024

5 Capital assets

As at June 30,	2024		2023	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Land	\$ 1,260,140	\$ -	\$ 1,260,140	\$ -
Building and building improvements	8,218,287	4,565,292	8,218,287	4,064,901
Furniture and equipment	60,935	60,935	60,935	60,935
Signage	58,361	58,361	58,361	58,361
	\$ 9,597,723	\$ 4,684,588	\$ 9,597,723	\$ 4,184,197
Net book value		\$ 4,913,135		\$ 5,413,526

6 Designated donations and legacy gifts

(a) Donations

The Foundation has received donations designated by the donor for related organizations, summarized as follows:

Year ended June 30,	2024	2023
KHC - Hospice	\$ 245,165	\$ 369,476
- Gardens	95,116	30,717
- Hospice expansion	172,348	680,614
KEI - KEI	31,329	11,977
- KVRC	3,720	3,890
- KDIC	250	-
- EBOC	12,089	27,436
- KCSC	2,627	666
KRI	1,538	-
SMC	52,985	53,809
	\$ 617,167	\$ 1,178,585

(b) Legacy gifts

The Foundation has received legacy gifts designated by the donor for a specific purpose or related organization, summarized as follows:

Year ended June 30,	2024	2023
KHC - Hospice	\$ -	\$ 1,992

THE KENSINGTON HEALTH FOUNDATION

Notes to Financial Statements

June 30, 2024

7 Net rental income

Year ended June 30,	2024	2023 (note 13)
Revenues		
Basic rent	\$ 1,849,392	\$ 1,774,949
Common area, maintenance and realty tax recoveries	2,139,891	2,080,702
Parking	670,158	583,748
	4,659,441	4,439,399
Expenses		
Operating expenses	2,131,828	2,062,176
Amortization	500,392	287,827
	2,632,220	2,350,003
Net rental income	\$ 2,027,221	\$ 2,089,396

8 Pension

Employer contributions made to the plans during the year by the Foundation total \$48,084 (2023 - \$nil) to HOOPP and \$38,278 (2023 - \$63,002) to OLTCA. These amounts are included in salaries, wages and benefits expense in the statement of operations.

9 Salaries, wages and benefits

Included in salaries and benefits are \$508,277 of expense pursuant to a Separation Agreement reached on the departure of a former employee.

10 Commitments

(a) The Kensington Health Centre mortgage loan

The Foundation has committed to provide a monthly grant equal to the interest on the mortgage loan receivable (described in note 4(e)). The grant will expire September 1, 2028.

Annual grant payments over the term of the agreement are summarized as follows:

2025	\$ 70,000
2026	64,000
2027	41,000
2028	17,000
2029	500

(b) Grant for The Kensington Health Centre hospice operating deficit

The Foundation has committed to provide an annual grant to KHC to fund the annual operating deficit of the hospice operations up to a maximum per annum of \$1,350,000 less donations received by KHC for hospice operations in respect of such year, until June 2027.

(c) Grant for Kensington Health

The Foundation has committed to provide a grant of \$1,700,000 to KH to support annual operating deficits as well as capital equipment and improvements. The grant will be fully disbursed to KH by June 30, 2025.

THE KENSINGTON HEALTH FOUNDATION

Notes to Financial Statements

June 30, 2024

11 Internally restricted net assets - capital reserve

Net assets have been internally restricted by the Board of Directors for maintenance and capital needs of the revenue-producing property. Expenditures from the Capital Reserve must be approved by the Finance Audit Investment and Risk Committee.

During the year investment income of \$47,264 (2023 - \$35,196) earned on the assets was recorded as revenue in the reserve.

12 Financial instruments

The Foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Foundation's risk exposure and concentrations. The financial instruments and the nature of the risks to which they may be subject are as follows:

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 through its cash, accounts receivable, investments, promissory note receivable from KEI and mortgage loan receivable from KHC.

While the Foundation's bank accounts are held at multiple financial institutions, funds on deposit exceed the maximum amount insured and hence there is a concentration of credit risk.

Credit risk related to investments is minimized by ensuring that these assets are invested with credit-worthy parties.

Liquidity risk

Liquidity risk is the risk that the Foundation will not be able to meet a demand for cash or fund its obligations as they come due. The Foundation meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations and anticipating investing and financing activities.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

Currency risk

Currency risk reflects the risk that the Foundation's earnings will decline due to the fluctuations in foreign exchange rates. The Foundation is exposed to currency risk through its investment in units of pooled funds to the extent that the underlying assets are denominated in a foreign currency (note 3).

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. Fixed interest rate instruments subject the Foundation to fair value risk, since fair value fluctuates inversely to changes in market interest rates. Floating interest rate instruments subject the Foundation to changes in related future cash flows.

The Foundation holds fixed rate investments which are primarily short term in nature and held to maturity. The Foundation also holds a long-term, fixed rate mortgage receivable at a rate below market, and a long-term fixed rate promissory note receivable at market rate.

THE KENSINGTON HEALTH FOUNDATION

Notes to Financial Statements

June 30, 2024

12 Financial instruments (continued)

Interest rate risk (continued)

The Foundation's cash includes amounts on deposit with financial institutions that earn interest at market rates. The Foundation manages its exposure to the interest rate risk of its cash by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest on cash do not have a significant impact on the Foundation's results of operations.

The primary objective of the Foundation with respect to its investments is to ensure the security of principal amounts invested, provide for a high degree of liquidity, and achieve a satisfactory investment return.

Other price risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments in the market. The Foundation is exposed to other price risk through its investment in units of pooled funds.

Changes in risk

There have been no significant changes in the Foundation's risk exposures from the prior year.

13 Comparative information

Certain comparative information has been recast to conform with the financial statement presentation adopted in the current year.