

KENNEDY HOUSE
Independent Auditors' Report
Financial Statements
March 31, 2024

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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 statement of financial position as at March 31, 2024 and March 31, 2023 and the statements of operations and changes in net assets and statement of cash flows for the years 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, 2024 and March 31, 2023 and the results of its operations and its cash flows for the years 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, 2024 and March 31, 2023 and the current assets and net assets balances as at March 31, 2024 and March 31, 2023. Our audit opinion on the financial statements for the year ended March 31, 2024 and March 31, 2023 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.

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.

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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.

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.

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KENNEDY HOUSE
Statement of Financial Position
March 31, 2024

	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents (note 2)	\$ 2,440,569	\$ 2,531,540
Investments (note 4)	2,100,831	1,602,964
Accounts receivable (note 5)	375,837	413,107
Refundable government remittances	174,108	146,229
Prepaid expenses and supplies	280,121	3,001
	5,371,466	4,696,841
Capital assets, net (note 7)	4,602,965	4,728,242
Investments held for future foundation (notes 4, 10)	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)	125,339	128,339
	\$ 12,101,078	\$ 11,554,730
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (notes 8, 15)	\$ 1,070,749	\$ 686,722
Contributions for capital assets (note 9)	3,102,080	3,224,127
Deferred contributions (notes 10, 17)	1,246,299	1,224,881
	5,419,128	5,135,730
NET ASSETS		
Internally restricted (note 11)	2,127,149	2,130,149
Invested in capital assets (note 12)	1,500,885	1,504,115
Unrestricted	3,053,916	2,784,736
	6,681,950	6,419,000
	\$ 12,101,078	\$ 11,554,730

Commitments (note 19)

ON BEHALF OF THE BOARD

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Chair

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VICE CHAIR
Treasurer

KENNEDY HOUSE
Statement of Operations
year ended March 31, 2024

	2024	2023
Revenue		
Provincial government subsidy (note 13)	\$ 4,721,131	\$ 3,684,291
Municipal government subsidy (note 14)	1,691,822	2,019,469
Children's Aid Societies	3,132,500	3,337,024
Donations and grants (note 17)	87,193	45,731
	<u>9,632,646</u>	<u>9,086,515</u>
Expenses		
Salaries and wages (note 21)	6,924,195	6,554,177
Administrative	892,051	867,440
Insurance	429,517	147,087
Occupancy costs	438,648	455,249
Security	287,752	337,783
Food services	230,237	224,954
Travel expenses	192,818	112,791
Repairs and maintenance	138,507	108,953
Professional fees (note 18)	114,788	65,077
Client personal needs	102,710	81,033
Other program costs	73,571	131,245
Training and recruitment	49,209	38,447
Health and related	42,993	42,821
Payroll service charges	35,049	36,139
Miscellaneous	33,797	85,345
Client related professional services	12,888	12,888
Interest and bank charges	3,715	2,894
Recovery of harmonized sales tax	(337,061)	(311,639)
	<u>9,665,384</u>	<u>8,992,684</u>
Excess of (expenses over revenue) revenue over expenses before the following	(32,738)	93,831
Investment income	438,136	53,798
Rental	36,000	58,701
Amortization of deferred contributions	233,937	225,899
Amortization of capital assets	(301,058)	(299,701)
Repayment of surplus to the Ontario Ministry of Children and Youth Services (note 15)	(111,327)	(10,352)
Excess of revenue over expenses for the year	<u>\$ 262,950</u>	<u>\$ 122,176</u>

KENNEDY HOUSE
Statement of Changes in Net Assets
year ended March 31, 2024

	2024			
	Unrestricted	Invested in capital assets (Note 12)	Internally restricted (Note 11)	Total
Net assets, beginning of year	\$ 2,784,736	\$ 1,504,115	\$ 2,130,149	\$ 6,419,000
Excess of revenue over expenses for the year	262,950	-	-	262,950
Change in internally restricted net assets (note 11)	3,000	-	(3,000)	-
Change in invested in capital assets (note 12)	3,230	(3,230)	-	-
Net assets, end of year	\$ 3,053,916	\$ 1,500,885	\$ 2,127,149	\$ 6,681,950

	2023			
	Unrestricted	Invested in capital assets (Note 12)	Internally restricted (Note 11)	Total
Net assets, beginning of year	\$ 2,596,685	\$ 1,566,990	\$ 2,133,149	\$ 6,296,824
Excess of revenue over expenses for the year	122,176	-	-	122,176
Change in internally restricted net assets (note 11)	3,000	-	(3,000)	-
Change in invested in capital assets (note 12)	62,875	(62,875)	-	-
Net assets, end of year	\$ 2,784,736	\$ 1,504,115	\$ 2,130,149	\$ 6,419,000

KENNEDY HOUSE
Statement of Cash Flows
year ended March 31, 2024

	2024	2023
Cash flows from operating activities		
Excess of revenue over expenses for the year	\$ 262,950	\$ 122,176
Adjustments for		
Amortization of capital assets	301,058	299,701
Amortization of contributions for capital assets	(233,937)	(225,899)
	330,071	195,978
Change in non-cash working capital items		
Short term investments	(494,867)	(76,724)
Accounts receivable	37,270	(18,935)
Refundable government remittances	(27,879)	(29,237)
Prepaid expenses and supplies	(277,120)	34,348
Accounts payable and accrued liabilities	384,027	(247,897)
	(48,498)	(142,467)
Cash flows from investing activities		
Purchase of capital assets	(175,781)	(55,508)
	(175,781)	(55,508)
Cash flows from financing activities		
Increase in contributions for capital assets	111,890	44,581
Increase in deferred contributions	21,418	133,034
	133,308	177,615
Decrease in cash and cash equivalents	(90,971)	(20,360)
Cash and cash equivalents, beginning of year	2,531,540	2,551,900
Cash and cash equivalents, end of year	\$ 2,440,569	\$ 2,531,540

KENNEDY HOUSE

Notes to Financial Statements

March 31, 2024

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, 2024

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, 2024

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, 2024**

2. CASH AND CASH EQUIVALENTS	2024	2023
Cash	\$ 2,440,569	\$ 2,531,540
	\$ 2,440,569	\$ 2,531,540

3. CREDIT FACILITY

Kennedy House has a demand operating line of credit of \$120,000 with no balance (2023 - \$NIL) outstanding as at March 31, 2024. The demand operating line of credit bears interest at 2.65% plus the bank's prime rate of 7.20% (2023 - 2.65% plus the bank's prime rate of 6.70%).

4. INVESTMENTS

Investments are measured at fair value and consist of Bonds, Preferred Shares and Common Shares with principal amounts ranging from \$15,940 to \$1,143,777 (2023 - \$19,998 to \$1,002,296), interest rates of 1.89% to 3.30% (2023 - 1.89% to 3.30%) and maturity dates from July 2024 to March 2028 (2023 - July 2024 to March 2028).

Investments in the amount of \$1,971,982 (2023 - \$1,971,982) have been classified as long-term assets representing internally restricted funds for future expansion, (note 11). Investments in the amount of \$125,339 (2023 - \$128,339) have been classified as long-term assets representing scholarships, (note 11). Investments in the amount of \$29,326 (2023 - \$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, 2024****5. ACCOUNTS RECEIVABLE**

Kennedy House provides services to various Children's Aid Societies. As at March 31, 2024, seven (2023 - ten) Children's Aid Societies represented 84% (2023 - 75%) 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		2024		2023	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value	
Buildings	\$ 9,782,567	6,149,224	\$ 3,633,343	\$ 3,771,897	
Furniture and equipment	606,043	526,285	79,758	85,507	
Vehicles	542,056	509,746	32,310	20,793	
Land	850,045	-	850,045	850,045	
Leasehold improvements	30,964	23,455	7,509	-	
	\$ 11,811,675	7,208,710	\$ 4,602,965	\$ 4,728,242	

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

	2024	2023
Balance, beginning of year	\$ 4,728,242	\$ 4,972,436
Purchase of capital assets, internally funded	40,461	16,836
Purchase of capital assets, externally funded	135,320	44,581
Write-down of capital assets, internally funded	-	(5,910)
Amortization of capital assets	(301,058)	(299,701)
Balance, end of year, note 12	\$ 4,602,965	\$ 4,728,242

KENNEDY HOUSE
Notes to Financial Statements
March 31, 2024

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	2024	2023
Accounts payable and accrued liabilities	\$ 1,037,551	\$ 668,381
Government remittances payable	33,198	18,341
	<u>\$ 1,070,749</u>	<u>\$ 686,722</u>
9. CONTRIBUTIONS FOR CAPITAL ASSETS	2024	2023
Balance, beginning of year	\$ 3,224,127	\$ 3,405,446
Contributions received during the year, (note 13)	111,890	44,581
Amortization of contributions for capital assets	(233,937)	(225,900)
Balance, end of year, (note 12)	<u>\$ 3,102,080</u>	<u>\$ 3,224,127</u>
10. DEFERRED CONTRIBUTIONS	2024	2023
Balance, beginning of year	\$ 1,224,882	\$ 1,091,847
Contributions received during the year	363,719	509,441
Contributions recognized as revenue	(342,302)	(376,406)
Balance, end of year	<u>\$ 1,246,299</u>	<u>\$ 1,224,882</u>

Deferred contributions include externally restricted contributions from prior years in the amount of \$29,342 (2023 - \$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, 2024, no amount has been withdrawn for unrestricted purposes.

KENNEDY HOUSE**Notes to Financial Statements****March 31, 2024****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 Centennial College and Sir Sanford Fleming 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 (2023 - \$NIL) was used in fiscal 2024.

2024					
		Lecture Series	Future expansion	Scholarship fund	Total
Balance, beginning of year	\$	29,828	\$ 1,971,982	\$ 128,339	\$ 2,130,149
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	\$ 125,339	\$ 2,127,149
2023					
		Lecture Series	Future expansion	Scholarship fund	Total
Balance, beginning of year	\$	29,828	\$ 1,971,982	\$ 131,339	\$ 2,133,149
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	\$ 128,339	\$ 2,130,149

KENNEDY HOUSE
Notes to Financial Statements
March 31, 2024

12. NET ASSETS INVESTED IN CAPITAL ASSETS	2024	2023
Capital assets, net, (note 7)	\$ 4,602,965	\$ 4,728,242
Less amounts financed by contributions for capital assets, (note 9)	(3,102,080)	(3,224,127)
Balance, end of year	\$ 1,500,885	\$ 1,504,115

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

	2024	2023
Purchase of capital assets	\$ 175,781	\$ 55,508
Contributions for capital assets received during the year	(111,890)	(44,581)
Amortization of capital assets	(301,058)	(299,701)
Amortization of contributions for capital assets	233,937	225,899
	\$ (3,230)	\$ (62,875)

13. PROVINCIAL GOVERNMENT SUBSIDY	2024	2023
Funding received from the Ontario Ministry of Children, Community and Social Services	\$ 4,702,370	\$ 3,581,297
Funding received from the Ontario Ministry of Health	35,622	85,490
Grants received from the Ontario Trillium Foundation	87,033	61,766
Less contributions for capital assets received during the year	(42,941)	(33,910)
Less contributions for prepaid insurance received during the year	(60,953)	-
Less portion of funding repayable	-	(10,352)
	\$ 4,721,131	\$ 3,684,291

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 ("CRRF") programs in the amounts of \$294,134 (2023 - \$288,809 and \$335,002 (2023 - \$742,082) 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 CRRF 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, 2024**

14. MUNICIPAL GOVERNMENT SUBSIDY	2024	2023
Funding from the City of Toronto for the Youth Shelter	\$ 1,691,822	\$ 2,003,474
Funding received from the City of Toronto		
Investing in Neighbourhoods Program	-	15,994
	\$ 1,691,822	\$ 2,019,468

KENNEDY HOUSE**Notes to Financial Statements****March 31, 2024****15. SERVICE CONTRACT WITH THE ONTARIO MINISTRY OF CHILDREN AND YOUTH SERVICES**

Kennedy House has service contracts with the Ontario Ministry of Health and Long-Term Care and the Ontario Ministry of Children, Community and Social Services (collectively "the Ministry").

One requirement of the contracts is the submission of a final report that reflects all receipts and expenses and any resulting excess (deficiency) of receipts over expenses that relates to the contracts.

The following programs have an excess of receipts over expenses (expenses over receipts) for the year ended March 31, 2024:

	Youth Centre Ajax	Bailiff	Day Treatment
Surplus (deficit) for the year before temporary CRRF subsidy	\$ (201,023)	\$ 72,105	\$ (2,336)
Temporary CRRF subsidy	228,062	-	-
Surplus (deficit) for the year	27,039	72,105	(2,336)
Reconciling items:			
Add back: current year vacation accrual	23,525	2,115	-
Deduct: prior year vacation accrual	(9,470)	(5,573)	-
Add back: amortization of capital assets	218,473	7,457	-
Deduct: amortization of contributions of capital assets	(216,887)	(7,457)	-
Add back: contributions for capital assets and prepaid insurance	103,894	-	-
Deduct: purchases of capital assets and prepaid insurance	(103,894)	-	-
Surplus (deficit) for Ministry purposes	\$ 42,680	\$ 68,647	\$ (2,336)

As at March 31, 2024 there is a net amount of \$111,327 (2023 - \$10,352) owing to the Ministry for the surplus from the current year which is included in accounts payable and accrued liabilities.

KENNEDY HOUSE**Notes to Financial Statements****March 31, 2024****15. SERVICE CONTRACT WITH THE ONTARIO MINISTRY OF CHILDREN AND YOUTH SERVICES, CONTINUED**

Kennedy House received one time funding to help address the various financial challenges it was facing including with staffing and capacity. The decision was made to focus on recruitment to stabilize operations as there were many staff vacancies at the facility. Unfortunately, staff recruitment and retention of qualified staff is a sector wide issue and there is significant competition for staffing at present, hence recruitment and hiring efforts were much slower than anticipated. Due to the limited timeline for use of the funding, and challenges in hiring this resulted in Kennedy House not being able to optimize the available funding and obtain its full benefit.

During the year Kennedy House has discontinued the Day Treatment program and ended its contract with the Ministry of Health and Long-Term Care.

16. SUBSEQUENT EVENT

In May 2024 Kennedy House filed an application for a judicial review of a decision made by one of the regional offices of the Ministry of Children, Community and Social Services ("MCCSS") to withhold the processing of applications for Covid-19 Residential Relief Fund ("CRRF") funding pertaining to the period of May 2021 through June 2023. The outcome of the judicial review was not known as of the date of these financial statements and as such, no amount of CRRF funding pertaining to these applications was included in the books of Kennedy House.

17. DONATIONS AND GRANTS

Donations and grants collected, utilized and deferred are reconciled as follows:

	2024	2023
Donations received during the year in support of general shelter operations and specific programs	\$ 50,108	\$ 73,812
Grants received during the year in support of general shelter operations and specific programs	147,876	223,400
Donations and grants received during the year in support of Outreach	13,051	-
Donations and grants previously deferred and utilized	108,666	45,730
Government grants included with government subsidy revenue	(87,033)	(61,766)
Donations received and deferred	(12,399)	(73,812)
Grants received and deferred	(133,076)	(161,633)
Donations and grants recorded in income	\$ 87,193	\$ 45,731

KENNEDY HOUSE**Notes to Financial Statements****March 31, 2024**

18. RELATED PARTY TRANSACTIONS

During the year Kennedy House paid \$1,753 (2023 - \$3,609) for legal services included in professional services expense to a member of the Board of Directors. These transactions were made in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

19. COMMITMENTS

Kennedy House is committed to the following future minimum annual payments under operating leases for office facilities:

2025	\$	82,224
2026		82,224
2027		34,260
		<hr/>
		\$ 198,708

KENNEDY HOUSE
Notes to Financial Statements
March 31, 2024

20. CONTINGENCIES

24 (1)

The matters mentioned above as well as other claims instituted against Kennedy House during the normal course of operations are administered and settled through Kennedy House' insurance and are not expected to have a material adverse effect on the financial position or the results of operations of the organization.

24 (1)

21. EMPLOYEE BENEFITS

Kennedy House's employees participate in a defined contribution registered retirement pension plan. Kennedy House's contributions to this plan were \$42,377 (2023 - \$48,570) which is expensed and included within salaries, wages and benefits on the statement of operations.

22. FINANCIAL INSTRUMENTS

Kennedy House is exposed to various risks through its financial instruments. The following analysis provides a measure of Kennedy House's risk exposure and concentrations at the balance date.

KENNEDY HOUSE

Notes to Financial Statements

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22. FINANCIAL INSTRUMENTS, CONTINUED

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. Kennedy House is exposed to this risk mainly in respect of its accounts receivable. Kennedy House believes there is minimal risk associated with these amounts due to the nature of the organizations and institutions that it services. Kennedy House mitigates this risk by monitoring the accounts on a regular basis.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Kennedy House is exposed to this risk mainly in respect of its accounts payable. Kennedy House mitigates this risk by generating sufficient cash flow from operations in order to meet its financial obligations.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Kennedy House is mainly exposed to interest rate risk, currency risk and other price risk.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company does not use derivative instruments to reduce its exposure to foreign currency risk.

	2024	2023
Cash	US\$ 109,759	US\$ 69,549
Investments	US\$ 596,505	US\$ 531,898

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The entity is exposed to interest rate risk on its fixed-rate investments. Kennedy House mitigates this risk by diversifying these investments at different maturities.

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22. FINANCIAL INSTRUMENTS, CONTINUED**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. Kennedy House is exposed to other price risk through its investments in quoted shares. As at March 31, 2024 Kennedy House held investments in quoted shares with a combined total fair market value of \$2,759,173 (2023 - \$2,307,210). Kennedy House mitigates this risk by diversifying its investment portfolios.

23. COMPARATIVE FIGURES

Certain of the prior year's figures have been reclassified to conform with the current year's presentation.