Financial Statements of

THE KENSINGTON HEALTH CENTRE

March 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the Members of
THE KENSINGTON HEALTH CENTRE

We have audited the accompanying financial statements of The Kensington Health Centre ("the Centre"), which comprise the balance sheet as at March 31, 2020, and the statement of operations and changes in net assets and cash flows for the period 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 Centre as at March 31, 2020, and the results of its operations and its cash flows for the period 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 Centre 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 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 Centre’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 Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centre’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 Centre'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 Centre'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 Centre 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
September 22, 2020

Licensed Public Accountants

THE KENSINGTON HEALTH CENTRE
Balance Sheet

As at	March 31, 2020	December 31, 2018
Assets		
Current		
Cash	**$ 5,999,718**	$ 6,434,384
Accounts receivable	**215,843**	484,241
Public service body rebate receivable	**425,757**	353,191
Inventory and prepaid expenses	**328,509**	389,472
Due from related organizations (note 5(a))	**1,534,452**	566,629
	8,504,279	8,227,917
Capital assets (note 6)	**36,115,173**	37,421,753
	$ 44,619,452	$ 45,649,670
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (note 7)	**$ 3,190,347**	$ 3,248,924
Promissory note payable (note 8)	**3,500,000**	3,500,000
Current portion of obligations under capital lease	**-**	23,578
Current portion of secured long term debt payable (note 9)	**2,838,225**	2,641,586
	9,528,572	9,414,088
Obligations under capital lease	**-**	53,708
Secured long term debt (note 9)	**6,795,684**	10,318,329
Deferred capital contributions (note 10)	**12,777,475**	12,138,391
	29,101,731	31,924,516
Net Assets		
Unrestricted	**14,717,721**	12,925,154
Internally restricted (note 2(e))	**800,000**	800,000
	15,517,721	13,725,154
	$ 44,619,452	$ 45,649,670

Contingencies, commitment and subsequent event (notes 12, 13 and 14, respectively)

See accompanying notes to financial statements.

On behalf of the Board of Directors:

______________________Director

______________________Director

THE KENSINGTON HEALTH CENTRE

Statement of Operations

Period ended	**March 31, 2020 (15 months)**	December 31, 2018 (12 months) (note 19)
Revenue		
Government funding (note 11)	**$ 25,214,448**	$ 19,418,137
Resident co-payment	**10,730,793**	8,310,936
Donations and grants	**2,837,804**	2,001,135
Other income	**675,672**	563,549
Gain on sale of real estate	**-**	929,928
	39,458,717	31,223,685
Expense		
Salaries, wages and benefits	**27,401,722**	20,249,307
Operations	**8,738,834**	6,513,168
Interest	**780,116**	753,780
	36,920,672	27,516,255
Excess of revenue over expense for the period before undernoted items	**2,538,045**	3,707,430
Amortization of deferred capital contributions (note 10)	**827,207**	1,424,075
Amortization of capital assets	**(1,889,757)**	(1,495,174)
Excess of revenue over expense for the period before discontinued operations	**1,475,495**	3,636,331
Discontinued operations (note 4)	**(154,253)**	(330,590)
Excess of revenue over expense for the period	**$ 1,321,242**	$ 3,305,741

See accompanying notes to financial statements.

THE KENSINGTON HEALTH CENTRE
Statement of Changes in Net Assets

Period ended	Internally restricted capital and debt repayment	Unrestricted	**March 31, 2020 Total (15 months)**	December 31, 2018 Total (12 months)
Net assets, beginning of the period	**$ 800,000**	**$ 12,925,154**	**$ 13,725,154**	$ 10,419,413
Excess of revenue over expense for the period	**-**	**1,321,242**	**1,321,242**	3,305,741
Transfer (note 3)	-	**218,850**	**218,850**	-
Transfer (note 4)	**-**	**252,475**	**252,475**	-
Net assets, end of the period	**$ 800,000**	**$ 14,717,721**	**$ 15,517,721**	$ 13,725,154

THE KENSINGTON HEALTH CENTRE
Statement of Cash Flows

Period ended	**March 31, 2020 (15 months)**	December 31, 2018 (12 months) (note 19)
Operating activities		
Cash received from government funders	**$ 25,326,606**	$ 19,249,328
Cash received from resident co-payments	**10,727,496**	8,299,559
Cash received from operating donations and grants	**2,801,087**	2,263,382
Cash received from other services and interest	**723,600**	453,986
Cash paid to employees and suppliers	**(35,017,799)**	(28,774,888)
Net cash provided by operating activities	**4,560,990**	1,491,367
Financing activities		
Cash received from capital donations	**1,380,291**	779,854
Payments for interest and principal on secured long term debt	**(4,071,122)**	(3,245,469)
Net cash used by financing activities	**(2,690,831)**	(2,465,615)
Investing activities		
Proceeds from sale of real estate	**-**	1,858,778
Purchase of capital assets	**(1,018,591)**	(505,424)
Cash received from The Second Mile Club of Toronto (note 3)	**262,113**	-
Cash paid to The Kensington Eye Institute (note 4)	**(774,945)**	-
	(1,531,423)	1,353,354
Cash flows from discontinued operations	**(773,402)**	786,766
Net cash provided (used) by investing activities	**(2,304,825)**	2,140,120
Increase (decrease) in cash	**(434,666)**	1,165,872
Cash, beginning of period	**6,434,384**	5,268,512
Cash, end of period	**$ 5,999,718**	$ 6,434,384

1 Organization

The Kensington Health Centre ("the Centre") was incorporated by letters patent on March 1, 1955. The Centre is a registered charity under the Income Tax Act (Canada) and accordingly is exempt from income taxes provided certain requirements are met.

The Kensington Health Centre owns and operates a 350 bed long term care facility ("Kensington Gardens") and a 10 bed hospice ("Kensington Hospice"). The Centre 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.

Effective September 30, 2019 the assets and programs of the The Second Mile Club of Toronto ("SMC") were transferred into the Centre. 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.

Until September 30, 2019 the Centre operated The Eye Bank of Canada (Ontario Division) ("EBOC") and the Kensington Diagnostic Imaging Centre ("KDIC"). The EBOC collects, processes and distributes donated human eyes and tissue for sight-saving transplants. The KDIC provides x-ray, ultrasound, mammography and bone mineral density testing. Effective September 30, 2019 the assets and programs of the EBOC and KDIC were transferred from the Centre to The Kensington Eye Institute.

During the period, the Centre received approval from the Canada Revenue Agency to change its fiscal year end from December 31 to March 31, effective for the period ended March 31, 2020.

Effective October 1, 2019, the Centre, The Kensington Eye Institute, The Kensington Research Institute, The Kensington Cancer Screening Centre and The Second Mile Club of Toronto are controlled by virtue of a common Board of Directors.

The Kensington Health Foundation is a related party because of its mandate to raise funds for the use of the Centre. The Kensington Health Foundation also raises funds for other organizations in the community.

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

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 Centre follows the deferral method of accounting for contributions which include donations and government grants.

Unrestricted contributions are recognized as revenue in the period received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the period in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight line basis, at a rate corresponding with the amortization rate for the related capital assets. Contributions received to assist with the repayment of secured long term debt loan interest have been deferred and are being amortized straight line over the term of the debt.

2 Significant accounting policies (continued)

(a) Revenue recognition (continued)

(ii) Resident revenue

Resident revenue is recognized when services are provided.

(iii) Fees for services

Fees for services revenue is recorded once the service has been completed.

(iv) Investment income

Investment income comprises interest from cash and investments. Revenue is recognized on an accrual basis. Interest on fixed income investments is recognized over the terms of these investments using the effective interest rate method.

(b) Cash

Cash includes cash on hand and deposits in the bank.

(c) Inventory

Inventory is valued at the lower of cost or market. Cost is determined on a last-in, first-out basis.

(d) Capital assets

The Centre 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 Centre'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. As at March 31, 2020, no such impairment exists.

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

Building	14 to 40 years
Furniture and equipment	3 to 5 years
Computer software	1 year

A half-year of amortization is taken in the year of acquisition.

Amortization methods, useful lives and residual values are reviewed annually and adjusted if necessary.

(e) Internally restricted reserve funds

The Board of Directors has established a Capital and Debt Repayment Reserve Fund to provide for future capital requirements. These internally restricted funds are not available for program delivery or other purposes without prior approval of the Board of Directors.

(f) Contributed goods and services

The value of 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 Centre. Since volunteer time is not purchased, these contributed services are not recognized in the financial statements.

2 Significant accounting policies (continued)

(g) Financial instruments

(i) Measurement

The Centre initially measures its financial assets and financial liabilities 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.

The Centre subsequently measures all its financial assets and financial liabilities at amortized cost.

(ii) Impairment

At the end of each reporting period, the Centre 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 Centre. When there is an indication of impairment, the Centre determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset.

When the Centre identifies a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it reduces the carrying amount of the asset to the highest of the following: i) the present value of the cash flows expected to be generated by holding the asset discounted using a current market rate of interest appropriate to the asset; ii) the amount that could be realized by selling the asset at the statement of financial position date; and iii) the amount the Centre expects to realize by exercising its rights to any collateral held to secure repayment of the asset net of all costs necessary to exercise those rights. The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the reduction is recognized as an impairment loss in the statement of operations.

When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement, directly or by adjusting the allowance account. The amount of the reversal is recognized in the statement of operations in the period the reversal occurs.

(h) 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 period. Significant estimates include the impairment of accounts receivable, the useful lives of capital assets, the retroactive liability representing wage accruals for unionized employees and settlements with government funders.

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

3 Asset and program transfer from The Second Mile Club of Toronto

The Centre and SMC entered into an Asset and Program Transfer Agreement ("the SMC Agreement") with an effective date of September 30, 2019. Pursuant to the SMC Agreement, the Centre accepted a transfer of all of the assets and programs of SMC, and assumed all of its liabilities.

The transaction has been recorded at the carrying amount.

The assets, liabilities and net assets transferred to the Centre on September 30, 2019 are as follows:

Assets (including cash of $262,113)	$	364,624
Liabilities	$	145,774
Net assets	$	218,850

The programs and business activities of SMC outlined in the agreements with the Ministry of Health and Long-Term Care, Ministry for Seniors and Accessibility and City of Toronto are carried out as a program of the Centre effective October 1, 2019.

4 Discontinued operations

The Centre and The Kensington Eye Institute ("KEI") entered into an Asset and Program Transfer Agreement ("the KEI Agreement") with an effective date of September 30, 2019. Pursuant to the KEI Agreement, the Centre transferred all of the assets and programs of the EBOC and the KDIC and assigned all if its related liabilities to KEI. KEI accepted the transfer of such assets and programs and assumed such obligations in accordance with the KEI Agreement.

The transaction has been recorded at the carrying amount of the assets, liabilities and net assets transferred to KEI on September 30, 2019 as follows:

Assets (including cash of $774,945)	$	1,470,360
Liabilities	$	1,722,835
Deficit	$	(252,475)

The past and current operations of the two programs have been presented as discontinued operations as follows:

Period ended	**March 31, 2020**	December 31, 2018
Revenue	**$ 2,937,000**	$ 3,757,707
Expense	**3,091,253**	4,088,297
Deficiency of revenue over expense for the period	**$ (154,253)**	$ (330,590)

5 Related party transactions

These transactions are considered to be in the normal course of operations and have been recorded at the exchange amount, which is the amount agreed upon by both parties. Amounts due from related organizations are non-interest bearing and are repayable on demand.

(a) Due from related organizations

The Centre has recorded the following amounts as due from related organizations:

As at	**March 31, 2020**	December 31, 2018
The Kensington Eye Institute	**$ 1,271,077**	$ 133,700
The Kensington Health Foundation	**263,375**	234,083
The Kensington Cancer Screening Centre	**-**	185,747
The Second Mile Club of Toronto	**-**	12,174
The Kensington Research Institute	**-**	925
	$ 1,534,452	$ 566,629

The amounts due from The Kensington Health Foundation represent operational and capital grant funding provided to the Centre and donations collected on behalf of the Centre.

The amounts due from / to the other related organizations represent a reimbursement of expenses incurred by the Centre on behalf of these related organizations and prepayment for those expected expenses.

(b) Donations

Included in donations and grants revenue is $2,904,174 (December 31, 2018 - $2,014,471) received from The Kensington Health Foundation.

In addition, The Kensington Health Foundation has provided $660,291 (December 31, 2018 - $509,853) which has been recorded as capital contributions received.

(c) Rental income

Included in other revenues is rent of $60,353 (December 31, 2018 - $76,766) received from The Second Mile Club of Toronto prior to the effective date of the SMC Agreement (note 3).

(d) Rental expense

Included in operations expense is rent of $289,841 (December 31, 2018 - $346,406) paid to The Kensington Health Foundation.

(e) Interest expense

(i) Interest expense on promissory note

Included in interest expense is $91,187 (2018 - $72,907) paid to The Kensington Health Foundation.

(ii) Interest expense on secured long term debt

Included in interest expense is $196,875 (December 31, 2018 - $157,500) paid to The Kensington Health Foundation.

6 Capital assets

As at	March 31, 2020		December 31, 2018	
	Cost	**Accumulated amortization**	Cost	Accumulated amortization
Land	**$ 1,308,078**	**$ -**	$ 1,308,078	$ -
Buildings	**54,951,492**	**20,462,413**	54,001,717	18,775,459
Computer software	**38,073**	**38,073**	53,073	53,073
Furniture and equipment	**4,531,700**	**4,213,684**	5,019,626	4,227,519
Assets under capital lease	**-**	**-**	105,900	10,590
	$ 60,829,343	**$ 24,714,170**	$ 60,488,394	$ 23,066,641
Net book value		**$ 36,115,173**		$ 37,421,753

The Centre has undertaken to expand the Kensington Hospice facility. The Centre has incurred $800,714 (December 31, 2018 - $212,014) in costs to date relating to the project which are included in building costs. These costs are not being amortized until such time as the construction is completed and the new building is placed into operation.

7 Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances of $66,074 (December 31, 2018 - $50,187) and surplus funding totaling $nil (December 31, 2018 - $422,439) payable to the Trillium Gift of Life Network.

8 Promissory note payable

The term promissory note is due to The Kensington Health Foundation and is unsecured, due on demand and bears interest at 2.00%. The term promissory note requires payments of interest-only.

9 Secured long term debt payable

As at	March 31, 2020	December 31, 2018
First ranking secured loan with blended monthly payments of $210,603, bearing interest at 6.48% and maturing April 1, 2022	**$ 4,732,817**	$ 7,398,532
Second ranking secured loan with blended monthly payments of $48,627, bearing interest at 3.15% and maturing September 19, 2022	**1,401,092**	2,061,383
Third ranking secured loan with interest-only semi-annual payments, bearing interest at 4.50% and maturing October 31, 2021	**3,500,000**	3,500,000
	9,633,909	12,959,915
Less: current portion	**(2,838,225)**	(2,641,586)
	$ 6,795,684	$ 10,318,329

9 Secured long term debt payable (continued)

The first ranking secured loan is secured by a first ranking mortgage against the land and buildings of Kensington Gardens and a security interest in all present and future personal property (including rents and cash) of the Centre.

The second ranking secured loan is secured by a second ranking mortgage against the land and buildings of Kensington Gardens and a security interest in all present and future personal property (including rents and cash) of the Centre. This loan is also guaranteed by The Kensington Health Foundation.

The third ranking secured loan is payable to The Kensington Health Foundation, a related party and is secured by a third ranking mortgage against the land and buildings of Kensington Gardens and a security interest in all present and future personal property (including rents and cash) of the Centre. This loan was originally a second ranking secured loan but The Kensington Health Foundation provided a subordination and postponement of its mortgage and security in favour of the holder of second ranking secured loan described immediately above.

The minimum required principal repayments over the next three years are as follows:

2021	$ 2,838,225
2022	6,506,574
2023	289,110
	$ 9,633,909

10 Deferred capital contributions

Deferred capital contributions represent the unamortized amount of donations received from The Kensington Health Foundation and other donors to assist with the construction and equipping of the long term care facility, to construct the hospice and to purchase other properties.

Period ended	**March 31, 2020**	December 31, 2018
Balance, beginning of period	**$ 12,138,391**	$ 12,782,612
Contributions	**1,380,291**	779,854
Transfer (note 3)	**86,000**	-
Less: amounts recognized as revenue	**(827,207)**	(1,424,075)
Balance, end of period	**$ 12,777,475**	$ 12,138,391

11 Government funding

Period ended	**March 31, 2020**	December 31, 2018
Ministry of Health and Long Term-Care operational funding	**$ 23,131,521**	$ 18,368,137
Toronto Central Local Health Integration Network operational funding	**1,951,219**	1,050,000
Ministry of Seniors Affairs	**93,948**	-
City of Toronto	**37,760**	-
	$ 25,214,448	$ 19,418,137

12 Contingencies

The Centre has entered into funding agreements which govern the relationship with the various providers listed in note 11.

The Centre reports annually to the funders for the purpose of determining whether any funding amounts must be repaid. Any amounts repayable are estimated and accrued in the financial statements. Final settlement is subject to review and assessment by the funders. Any adjustments required as a result of the funding provider's review will be accounted for upon settlement.

Funding providers may terminate the funding agreement if it determines that the Centre is in breach of any of its terms and conditions and the breach is not cured within an established time period after written notice of the breach is provided. Upon termination, funding received in relation to certain capital assets may have to be repaid if the related assets are sold.

13 Commitment

The Centre has entered into a Construction Contract for the expansion of the Kensington Hospice. The remaining commitment under the contract price is $5,257,574 plus HST. Performance under the contract is expected to be substantially completed in late spring 2021.

14 Subsequent event

Effective April 1, 2020 the program activities funded by Ministry of Seniors Affairs and the City of Toronto related to The Second Mile Club of Toronto have been transferred to a related organization.

15 Economic dependence

The Centre recognized $25,082,740 (December 31, 2018 - $19,418,137) of funding from the Ministry of Health and Long-Term Care and Toronto Central Local Health Integration Network. This funding represents approximately 64% (December 31, 2018 - 62%) of total revenue.

16 COVID-19

Governments have enacted emergency legislation in response to declaration that COVID-19 is a pandemic, causing business disruption and economic slowdown. The duration and impact of the COVID-19 outbreak is unknown at this time. It is not possible to reliably estimate the financial impact of the COVID-19 pandemic on the results of operations and financial condition of the Centre in future periods.

In response to COVID-19, social and group programs and activities of the Kensington Hospice and The Second Mile Club programs were replaced with virtual and telephone based programming.

Government funding has been maintained at the levels which had been agreed to prior to the pandemic. Additional funding related to COVID-19 expenses has been approved and received by the Centre subsequent to year end.

17 Organizations under common control

Each organization under common control is a registered charity under the Income Tax Act (Canada) and accordingly is exempt from income taxes provided certain criteria are met.

(a) The Kensington Eye Institute

KEI was incorporated without share capital by letters patent on 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.

Effective September 30, 2019 the assets and programs of the EBOC and the KDIC were transferred to KEI, as described in note 1 and note 4. KEI also received the assets and programs and assumed the liabilities of The Kensington Cancer Screening Centre effective September 30, 2019.

(b) The Kensington Research Institute

The Kensington Research Institute ("KRI") was incorporated without share capital 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.

(c) The Kensington Cancer Screening Centre

The Kensington Cancer Screening Centre ("KCSC") was incorporated without share capital on August 1, 2008. KCSC is dedicated to establishing, equipping, staffing, maintaining and operating a medical and surgical facility to provide ambulatory cancer screening services and other procedures to the public, including but not limited to colonoscopy screening and procedures, cervical cancer screening and procedures, and prostate cancer screening and procedures.

Effective September 30, 2019, KCSC transferred its assets, liabilities and operations to KEI.

(d) The Second Mile Club of Toronto

The Second Mile Club of Toronto ("SMC") was incorporated without share capital on June 16, 1947. SMC is a community support agency that serves seniors and older adults with disabilities in the City of Toronto. The Organization 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.

Effective September 30, 2019, SMC transferred its assets, liabilities and operations to KHC, as described in note 3.

17 Organizations under common control (continued)

Financial summaries of the organizations under common control are as follows:

As at March 31, 2020	KEI	KRI	KCSC	SMC
Balance sheet				
Total assets	$ 13,976,775	$ 2,186,894	$ -	$ -
Total liabilities	4,807,854	2,000	-	-
Total net assets	9,168,921	2,184,894	-	-
	$ 13,976,775	$ 2,186,894	$ -	$ -

Year ended March 31, 2020	KEI	KRI	KCSC	SMC
Statement of operations				
Revenue	$ 19,552,023	$ 386,621	$ 814,979	$ 527,734
Expenses	19,771,289	141,671	876,911	527,380
Excess (deficiency) of revenue over expenses for the year	$ (219,266)	$ 244,950	$ (61,932)	$ 354

Year ended March 31, 2020	KEI	KRI	KCSC	SMC
Cash flows				
Operating activities	$ 995,619	$ 99,619	$ 102,447	$ (11,416)
Financing activities	292,159	-	-	-
Investing activities	326,445	(2,491)	(274,596)	(277,113)
Net increase (decrease) in cash	$ 1,614,223	$ 97,128	$ (172,149)	$ (288,529)

17 Organizations under common control (continued)

As at March 31, 2019	KEI	KRI	KCSC	SMC
Balance sheet				
Total assets	$ 11,330,362	$ 1,941,944	$ 579,864	$ 348,724
Total liabilities	1,831,513	2,000	376,119	130,228
Total net assets	9,498,849	1,939,944	203,745	218,496
	$ 11,330,362	$ 1,941,944	$ 579,864	$ 348,724

Year ended March 31, 2019	KEI	KRI	KCSC	SMC
Statement of operations				
Revenue	$ 16,395,457	$ 354,584	$ 1,596,629	$ 1,092,653
Expenses	16,252,644	101,497	1,718,198	1,104,341
Excess (deficiency) of revenue over expenses for the year	$ 142,813	$ 253,087	$ (121,569)	$ (11,688)

Year ended March 31, 2019	KEI	KRI	KCSC	SMC
Cash flows				
Operating activities	$ 1,744,083	$ 95,630	$ 116,401	$ (45,607)
Financing activities	270,017	-	-	-
Investing activities	(1,591,429)	(6,861)	(16,613)	-
Net increase (decrease) in cash	$ 422,671	$ 88,769	$ 99,788	$ (45,607)

18 Financial instruments

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

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 Centre is exposed to credit risk through its cash and accounts receivable.

Accounts receivable includes $51,189 (December 31, 2018 - $163,347) due from the Ministry of Health and Long-Term Care which are secured by provincial and/or federal governments. All other accounts receivable are unsecured.

The Centre's bank accounts are held at one financial institution. Funds on deposit exceed the maximum amount insured.

Liquidity risk

Liquidity risk is the risk that the Centre will not be able to meet a demand for cash or fund its obligations as they come due. The Centre 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 Centre's earnings will decline due to the fluctuations in foreign exchange rates. The Centre has no financial instruments denominated in a foreign currency and therefore is not exposed to currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Centre is subject to interest rate risk to the extent that its long term debt may be subject to interest rate changes on maturity and from its interest bearing assets. The Centre has not entered into any derivative agreements to mitigate this risk.

The Centre's cash includes amounts on deposit with financial institutions that earn interest at market rates. The Centre 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 Centre’s results of operations.

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 Centre is not exposed to other price risk through any of it's financial instruments.

Changes in risk

Other than the increased risks resulting from the events described in note 14, there have been no significant changes in the Centre's risk exposures in financial instruments from the prior year.

19 Comparative figures

Certain comparative figures for December 31, 2018 have been reclassified to conform with the financial statement presentation adopted for the current year.