Financial Statements of

THE KENSINGTON HEALTH CENTRE

March 31, 2023

TINKHAM LLP | CHARTERED PROFESSIONAL ACCOUNTANTS

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
TOLL FREE 1 877 283 3305
FAX 1 416 233 1788

TINKHAMCPA.COM

INDEPENDENT AUDITOR'S 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, 2023, and the statement of operations and 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 Centre as at March 31, 2023, 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 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 19, 2023

Licensed Public Accountants

THE KENSINGTON HEALTH CENTRE

Balance Sheet

As at March 31	**2023**	2022
Assets		
Current		
Cash	**$ 5,625,415**	$ 3,732,200
Receivables (note 4)	**2,067,385**	835,253
Public service body rebate receivable	**629,862**	1,298,759
Inventory and prepaid expenses	**529,867**	662,741
Due from related organizations (note 5(a))	**2,221,104**	557,706
	11,073,633	7,086,659
Capital assets (note 6)	**44,339,831**	40,971,592
	$ 55,413,464	$ 48,058,251
Liabilities		
Current		
Accounts payable and accrued liabilities (note 7)	**$ 6,717,692**	$ 4,302,911
Deferred revenue (note 8)	**394,157**	523,868
Due to related organizations (note 5(a))	**900,000**	-
Current portion of mortgage loans payable (note 9)	**500,000**	889,110
	8,511,849	5,715,889
Due to related organizations (note 5(a))	**1,726,280**	-
Promissory note payable (note 5(b))	**3,500,000**	3,500,000
Mortgage loans payable (note 9)	**3,000,000**	2,900,000
Deferred capital contributions (note 10)	**18,193,478**	16,470,875
	34,931,607	28,586,764
Net Assets		
Capital reserve fund (note 2(d))	**500,000**	-
Invested in capital assets (note 11)	**18,859,128**	19,575,000
Unrestricted (deficit)	**1,122,729**	(103,513)
	20,481,857	19,471,487
	$ 55,413,464	$ 48,058,251

Contingencies (note 14)

See accompanying notes to financial statements.

On behalf of the Board of Directors:

____________________ Director

____________________ Director

THE KENSINGTON HEALTH CENTRE

Statement of Operations

Year ended March 31	**2023**	2022
Revenue		
Government funding (note 12)	**$ 30,154,627**	$ 27,920,877
Resident co-payment	**8,476,932**	8,298,026
Donations and grants	**709,983**	1,698,783
Other	**672,014**	355,084
	40,013,556	38,272,770
Expense		
Salaries, wages and benefits	**28,185,301**	25,723,531
Operations	**10,452,232**	9,047,984
Interest	**104,764**	295,116
	38,742,297	35,066,631
Excess of revenue over expense for the year before undernoted items	**1,271,259**	3,206,139
Amortization of deferred capital contributions (note 10)	**1,055,622**	575,450
Amortization of capital assets	**(1,316,511)**	(1,446,146)
Excess of revenue over expense for the year	**$ 1,010,370**	$ 2,335,443

See accompanying notes to financial statements.

THE KENSINGTON HEALTH CENTRE

Statement of Changes in Net Assets

Year ended March 31	Invested in capital assets (note 11)	Capital reserve fund	Unrestricted	2023 Total	2022 Total
Net assets (deficit), beginning of the year	$ 19,575,000	$ -	$ (103,513)	$ 19,471,487	$ 17,341,200
Excess (deficiency) of revenue over expense for the year	(260,889)	-	1,271,259	1,010,370	2,335,443
Purchase of capital assets	4,684,751	-	(4,684,751)	-	-
Repayment of mortgage loans payable	289,110	-	(289,110)	-	-
Financed by - capital donations	(2,778,225)	-	2,778,225	-	-
- Accounts payable and accrued liabilities	(24,339)	-	24,339	-	-
Transfer to Second Mile Club (note 3)	-	-	-	-	(205,156)
Advances from related parties	(2,626,280)	-	2,626,280	-	-
Other transfers (note 2(d))	-	500,000	(500,000)	-	-
Net assets (deficit), end of the year	$ 18,859,128	$ 500,000	$ 1,122,729	$ 20,481,857	$ 19,471,487

THE KENSINGTON HEALTH CENTRE
Statement of Cash Flows

Year ended March 31	2023	2022
Operating activities		
Cash received from government funders	**$ 29,982,602**	$ 27,552,500
Cash received from resident co-payments	**8,493,557**	8,272,524
Cash received from operating donations and grants	**656,984**	1,717,481
Cash received from other services and interest	**377,959**	223,929
Cash paid to employees and suppliers	**(37,968,106)**	(34,297,320)
Net cash provided by operating activities	**1,542,996**	3,469,114
Financing activities		
Cash received from capital donations	**2,778,225**	4,450,417
Advances from related organizations	**2,626,280**	-
Advances from promissory note issued	**-**	3,500,000
Payments for interest and principal on promissory note	**(102,739)**	(3,564,167)
Payments for interest and principal on mortgage loans	**(291,135)**	(3,237,523)
Net cash provided by financing activities	**5,010,631**	1,148,727
Investing activities		
Purchase of capital assets	**(4,660,412)**	(5,543,164)
Cash transferred to The Second Mile Club of Toronto (note 3)	**-**	(285,891)
Net cash used by investing activities	**(4,660,412)**	(5,829,055)
Increase (decrease) in cash	**1,893,215**	(1,211,214)
Cash, beginning of year	**3,732,200**	4,943,414
Cash, end of year	**$ 5,625,415**	$ 3,732,200

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.

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.

The Centre owns and operates a 350-bed long-term care facility ("Kensington Gardens") and a 19-bed hospice ("Kensington Hospice"), inclusive of 9 hospice beds that were added during the year.

The Centre is the Mid-West Toronto Ontario Health Team (“MWT-OHT”) lead.

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 mortgage loan interest have been deferred and are being amortized straight line over the term of the debt.

(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) Inventory

Inventories are valued at the lower of cost and replacement cost. The cost of inventories includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition, and is determined on a first-in, first-out basis.

(c) 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 cost. As at March 31, 2023, no such impairment exists.

2 Significant accounting policies (continued)

(c) Capital assets (continued)

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

Buildings	30 years
Furniture and equipment	3 - 5 years
Computer software	3 - 5 years

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.

(d) Capital Reserve Fund

The Board of Directors has established a Capital Reserve Fund. These internally restricted funds are not available for program delivery or other purposes without prior approval of the Board of Directors.

The Capital Reserve Fund was established to provide for future capital requirements. The Board of Directors approved a transfer of $500,00 to the Capital Reserve Fund in the current year.

(e) Employee pension plans

Eligible unionized employees of the Centre are members of the Nursing Homes and Related Industries Pension Plan, a multi-employer target-benefit pension plan for members of the participating unions. The plan is funded by contributions made by the employees and matched by the Centre as defined by the collective agreement. The Centre follows defined contribution plan accounting for its plan, whereby contributions are expensed when due.

Eligible non-unionized employees of the Centre are members of the Ontario Long-Term Care Association Pension Plan, a multi-employer defined contribution plan. The Organization follows defined contribution plan accounting for this plan, whereby contributions are expensed when due.

(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 the fair value of volunteer time is not reliably determinable, these contributed services are not recognized in the financial statements.

(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. There are no indications of impairment as at March 31, 2023.

2 Significant accounting policies (continued)

(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, certain accrued liabilities 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

Effective April 1, 2021 the program activities of the Community Support Services funded by Ministry of Health and the City of Toronto were transferred to The Second Mile Club of Toronto ("SMC"). At the same date the assets and programs and liabilities previously transferred to the Centre were transferred to SMC.

The transaction has been recorded at the carrying amount of the assets, liabilities and net assets transferred from the Centre on April 1, 2021 as follows:

Assets (including cash of $285,891)	$ 406,790
Liabilities	$ 200,945
Net assets	$ 205,845

4 Receivables

Included in accounts receivable are the following amounts of government funding:

As at March 31	**2023**	2022
Ministry of Long-Term Care - Gardens	**$ 1,079,520**	$ 370,044
Ontario Health - Hospice	**229,657**	-
Ontario Health - MWT-OHT	-	160,500
	$ 1,309,177	$ 530,544

5 Related party transactions

Significant influence exists between the Centre, The Kensington Eye Institute ("KEI"), The Kensington Research Institute ("KRI") and SMC by virtue of partial or full common representation on the board of directors and shared policies and management.

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.

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.

5 Related party transactions (continued)

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 ("KHF") is related due to the fundraising activities that it carries out on behalf of the Centre.

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

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

Related party 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 (to) related organizations are non-interest bearing and are repayable on demand.

(a) Due from (to) related organizations

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

As at March 31	**2023**	2022
The Kensington Eye Institute	**$ 1,516,182**	$ 466,340
The Second Mile Club of Toronto	**648,249**	12,678
The Kensington Health Foundation	**56,673**	3,674
The Kensington Research Institute	**-**	75,014
	$ 2,221,104	$ 557,706

The Centre has recorded $2,626,280 due to The Kensington Health Foundation. Subsequent to year end, the amount due was converted to a promissory note payable bearing interest at a rate of 3.00%. The principal balance is due in monthly installments in the minimum amount of $100,000 plus interest starting July 1, 2023, and matures October 1, 2025.

The minimum required principal repayments are as follows:

2024	$ 900,000
2025	1,200,000
2026	526,280
	$ 2,626,280

(b) Promissory note payable

The promissory note due to The Kensington Eye Institute is non-interest bearing and has no fixed terms of repayment.

5 Related party transactions (continued)

(c) Donations and capital contributions

The Centre recognized the following contributions from The Kensington Health Foundation:

Year ended March 31	2023	2022
Donations and grants	**$ 709,981**	$ 1,698,783
Capital contributions	**381,684**	3,324,866
	$ 1,091,665	$ 5,023,649

(d) Rental income

Included in other revenues is rent of $68,670 (2022 - $68,670) received from The Second Mile Club of Toronto.

(e) Interest expense

Included in interest expense is $104,764 (2022 - $207,083) paid to The Kensington Health Foundation.

6 Capital assets

As at March 31	2023		2022	
	Cost	**Accumulated amortization**	Cost	Accumulated amortization
Land	**$ 1,308,078**	**$ -**	$ 1,308,078	$ -
Buildings	**66,617,455**	**24,363,259**	62,712,693	23,184,420
Computer software	**73,438**	**41,610**	38,073	38,073
Furniture and equipment	**5,165,293**	**4,419,564**	4,420,669	4,285,428
	$ 73,164,264	**$ 28,824,433**	$ 68,479,513	$ 27,507,921
Net book value		**$ 44,339,831**		$ 40,971,592

The Centre incurred costs of $1,769,397 (2022 - $7,269,791) relating to construction projects in progress at year end. These costs are included in building costs and 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

The Centre has recorded the following balances due to government funders:

As at March 31	2023	2022
Ministry of Long Term-Care - Gardens	**$ 798,106**	$ -
Ontario Health - Hospice	**393,750**	393,750
Ontario Health - MWT-OHT	**102,713**	nil
	$ 1,294,569	$ 393,750

8 Deferred revenue

Deferred revenue is comprised of unspent designated contributions from the Ministry of Long-Term Care ("MOLTC") and Ontario Health ("OH").

Year ended March 31	OH - MWT-OHT	Other	2023	2022
Balance, beginning of year	$ 523,868	$ -	$ 523,868	$ 789,179
Contributions	1,193,795	394,157	1,587,952	1,252,535
Less: recognized as revenue	(1,614,949)	-	(1,614,949)	(1,517,846)
Transferred to accounts payable	(102,714)	-	(102,714)	-
Balance, end of year	$ -	$ 394,157	$ 394,157	$ 523,868

Funded expenditures of the MWT-OHT are comprised of:

Year ended March 31	2023
One-time projects	$ 530,327
Project management	518,974
Population health	241,366
Physician / clinician engagement	159,250
Digital health	157,669
Patient / caregiver engagement	10,109
(less) interest earned on funding	(2,746)
	$ 1,614,949

9 Mortgage loans payable

As at March 31	2023	2022
Mortgage loan bearing interest at 2.00%, with interest-only payments until September 30, 2022, and beginning October 1, 2022 monthly payments of $100,000 plus interest, and maturing August 1, 2025. Subsequent to year end, the repayment terms were modified to require interest-only payments until October 30, 2025, and beginning November 1, 2025, monthly payments of $100,000 plus interest. The maturity was extended to September 1, 2028.	$ 3,500,000	$ 3,500,000
Senior ranking mortgage loan with blended monthly payments of $48,627, bearing interest at 3.15% and maturing September 19, 2022	-	289,110
	3,500,000	3,789,110
Less: current portion	(500,000)	(889,110)
	$ 3,000,000	$ 2,900,000

9 Mortgage loans payable (continued)

The mortgage loan is payable to The Kensington Health Foundation and is secured by a subordinate 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 senior ranking mortgage loan is secured by a 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 minimum required principal repayments are as follows:

2024	$ 500,000
2025	1,200,000
2026	1,200,000
2027	600,000
	$ 3,500,000

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 Gardens and Hospice, and to purchase other properties.

Year ended March 31	**2023**	2022
Balance, beginning of year	**$ 16,470,875**	$ 12,660,193
Contributions	**2,778,225**	4,450,417
Transfer (note 3)	**-**	(64,285)
Less: amounts recognized as revenue	**(1,055,622)**	(575,450)
Balance, end of year	**$ 18,193,478**	$ 16,470,875

11 Invested in capital assets

The composition of net assets invested in capital assets is as follows:

As at March 31	**2023**	2022
Capital assets, net book value	**$ 44,339,831**	$ 40,971,592
Less: Accounts payable and accrued liabilities	**(1,160,945)**	(1,136,607)
Advances from related party	**(2,626,280)**	-
Secured long-term debt	**(3,500,000)**	(3,789,110)
Deferred capital contributions	**(18,193,478)**	(16,470,875)
	$ 18,859,128	$ 19,575,000

12 Government funding

Year ended March 31	**2023**	2022
Ministry of Long-Term Care	**$ 26,160,046**	$ 25,570,310
Ontario Health	**3,994,581**	2,350,567
	$ 30,154,627	$ 27,920,877

13 Pension

Employer contributions made to the plans during the year by the Centre total $580,256 (2022 - $610,928). These amounts are included in salaries, wages and benefits expense in the statement of operations.

14 Contingencies

(a) Funding settlements

The Centre has entered into funding agreements which govern the relationship with the various providers listed in note 12.

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.

(b) Litigation

(i) Breach of Contract

During the year, the Centre cancelled a supplier contract. The former supplier filed a statement of claim in the amount of $1,000,000 against the Centre for damages allegedly incurred. The Centre has contested this claim.

(ii) Class Action

In a previous year, resident deaths occurred at the Centre as a result of the COVID-19 pandemic. Families of certain deceased residents filed a class action statement of claim in the amount of $100,000,000 in general damages and $10,000,000 in aggravated, punitive and/or exemplary damages plus interest, costs and disbursements. Neither the possible outcome nor the amount of possible settlement can be determined and therefore no provision has been recognized in the financial statements.

15 Economic dependence

The Centre recognized $26,160,046 (2022 - $25,570,310) of funding from the Ministry of Long-Term Care. This funding represents approximately 65% (2022 - 67%) of total revenue.

16 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.

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

Government funding receivables are secured by provincial and/or federal governments. All other accounts receivable are unsecured.

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.

The Centre is not exposed to currency risk or other price 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.

Changes in risk

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