

Financial Statements of

**UNIVERSITY HOSPITALS
KINGSTON FOUNDATION**

Year ended March 31, 2024

UNIVERSITY HOSPITALS KINGSTON FOUNDATION

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Year ended March 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Members of University Hospitals Kingston Foundation

Qualified Opinion

We have audited the financial statements of University Hospitals Kingston Foundation (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2024
- the statement of operations for the year then ended
- the statement of changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

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 the Entity as at March 31, 2024, and its results of operations, changes in fund balances and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Entity derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Entity.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets and net assets reported in the statement of financial position as at March 31, 2024 and March 31, 2023
- the donations revenue and excess (deficiency) of revenue over expenses reported in the statement of operations for the years ended March 31, 2024 and March 31, 2023



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- the net assets, at the beginning and end of the year, reported in the statement of changes in net assets for the years ended March 31, 2024 and March 31, 2023
- the excess (deficiency) of revenues over expenses reported in the statement of cash flows for the years ended March 31, 2024 and March 31, 2023

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 auditor’s report.

We are independent of the Entity 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 qualified 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 Entity’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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity’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 the financial statements.



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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 Entity'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 Entity'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 Entity 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.



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- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

June 25, 2024

UNIVERSITY HOSPITALS KINGSTON FOUNDATION

Statement of Financial Position

March 31, 2024, with comparative information for 2023

	Unrestricted and operating	Restricted - general designated	Restricted - specific designated	Endowments	2024	2023
Assets						
Current assets:						
Cash	\$ 67,374	\$ 3,141,153	\$ 4,279,658	\$ 2,134,122	\$ 9,622,307	\$ 12,624,639
Accounts receivable (note 4)	136,724	-	-	-	136,724	149,528
Prepaid expenses	90,747	-	1,500	-	92,247	111,578
	294,845	3,141,153	4,281,158	2,134,122	9,851,278	12,885,745
Investments (note 5)	-	30,928,588	81,104,262	19,554,710	131,587,560	113,304,814
Cash surrender value of life insurance (note 9)	1,098	212,762	-	-	213,860	135,470
Total assets	\$ 295,943	\$ 34,282,503	\$ 85,385,420	\$ 21,688,832	\$ 141,652,698	\$ 126,326,029

Liabilities and Fund Balances

Liabilities:						
Accounts payable and accrued liabilities (notes 4 and 7)	\$ 294,845	\$ 218,994	\$ 3,043,467	\$ 10,509	\$ 3,567,815	\$ 549,769
Fund balances (note 8)	1,098	34,063,509	82,341,953	21,678,323	138,084,883	125,776,260
Commitments and contingencies (notes 11 and 12)						
Total liabilities and fund balances	\$ 295,943	\$ 34,282,503	\$ 85,385,420	\$ 21,688,832	\$ 141,652,698	\$ 126,326,029

See accompanying notes to financial statements.

On behalf of the Board:

 Member

 Member

UNIVERSITY HOSPITALS KINGSTON FOUNDATION

Statement of Operations

Year ended March 31, 2024, with comparative information for 2023

	Unrestricted and operating	Restricted - general designated	Restricted - specific designated	Endowments	2024	2023
Revenue:						
Donations	\$ 2,828,291	\$ 1,185,720	\$ 16,761,082	\$ 78,254	\$ 20,853,347	\$ 17,385,798
Investment income						
Investment income	722,369	3,615,830	671,316	77,244	5,086,759	3,893,920
Realized gain (loss) on investments	109,635	(813,091)	(1,868)	936,371	231,047	(582,682)
Unrealized gain (loss) on investments	37,296	5,254,576	1,745	882,331	6,175,948	(733,593)
Other income (note 9)	1,292	78,368	–	–	79,660	20,698
	3,698,883	9,321,403	17,432,275	1,974,200	32,426,761	19,984,141
Expenses:						
Grants to qualified donees (note 7)	–	646,392	14,487,954	–	15,134,346	7,094,361
Other operating expenses	1,787,798	381,939	66,217	–	2,235,954	1,712,553
Salaries and benefits	2,747,838	–	–	–	2,747,838	2,765,559
	4,535,636	1,028,331	14,554,171	–	20,118,138	11,572,473
Excess (deficiency) of revenue over expenses	\$ (836,753)	\$ 8,293,072	\$ 2,878,104	\$ 1,974,200	\$ 12,308,623	\$ 8,599,114

See accompanying notes to financial statements.

UNIVERSITY HOSPITALS KINGSTON FOUNDATION

Statement of Changes in Fund Balances

Year ended March 31, 2024, with comparative information for 2023

	Unrestricted and operating	Restricted - general designated	Restricted - specific designated	Endowments	2024	2023
Fund balances, beginning of year	\$ 1,075	\$ 24,761,270	\$ 81,376,774	\$ 19,637,141	\$ 125,776,260	\$ 117,177,146
Excess (deficiency) of revenue over expenses	(836,753)	8,293,072	2,878,104	1,974,200	12,308,623	8,599,114
Interfund transfers	836,776	1,009,167	(1,912,925)	66,982	—	—
Fund balances, end of year	\$ 1,098	\$ 34,063,509	\$ 82,341,953	\$ 21,678,323	\$ 138,084,883	\$ 125,776,260

See accompanying notes to financial statements.

UNIVERSITY HOSPITALS KINGSTON FOUNDATION

Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

	Unrestricted and operating	Restricted - general designated	Restricted - specific designated	Endowments	2024	2023
Cash provided by (used for):						
Operating activities:						
Excess (deficiency) of revenue over expenses	\$ (836,753)	\$ 8,293,072	\$ 2,878,104	\$ 1,974,200	\$ 12,308,623	\$ 8,599,114
Items not involving cash:						
Unrealized (gain) loss on investments	37,296	5,254,576	1,745	882,331	6,175,948	(733,594)
Change in cash surrender value of life insurance	(22)	(78,368)	–	–	(78,390)	359,811
Change in non-cash operating working capital:						
Accounts receivable	12,804	–	–	–	12,804	(50,566)
Prepaid expenses	20,831	–	(1,500)	–	19,331	(45,130)
Accounts payable and accrued liabilities	21,163	194,241	2,801,641	1,001	3,018,046	(8,305,120)
	(744,681)	13,663,521	5,679,990	2,857,532	21,456,362	(175,485)
Investing activities:						
Change in investment value	(37,296)	(14,166,258)	(7,483,348)	(2,771,792)	(24,458,694)	(7,410,865)
Increase (decrease) in cash	(781,977)	(502,737)	(1,803,358)	85,740	(3,002,332)	(7,586,350)
Cash, beginning of year	12,575	2,634,723	7,995,941	1,981,400	12,624,639	20,210,989
Interfund transfers	836,776	1,009,167	(1,912,925)	66,982	–	–
	\$ 67,374	\$ 3,141,153	\$ 4,279,658	\$ 2,134,122	\$ 9,622,307	\$ 12,624,639

See accompanying notes to financial statements.

UNIVERSITY HOSPITALS KINGSTON FOUNDATION

Notes to Financial Statements

Year ended March 31, 2024

1. Incorporation and nature of the organization:

University Hospitals Kingston Foundation (the "Foundation") is a Not-for Profit corporation incorporated under the Corporations Act of Ontario without share capital. The Foundation is the fundraising arm of Kingston Health Sciences Centre (KHSC) and Providence Care. From hospital to home to community and beyond, every donation to the Foundation helps to grow healthcare facilities, equipment, programs, research, and education for people across Southeastern Ontario.

The Foundation is registered under the Income Tax Act (Canada) (the "Act") and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes.

In June of 2022, the Foundation became its own employer. Employees of the Foundation were transferred from Kingston Health Sciences Centre to the Foundation. As a result, an additional disclosure note has been added to disclose the Foundation's obligations with respect to the Employees' Pension fund.

2. Significant accounting policies:

These financial statements have been prepared by management in accordance with Part III of the CPA Canada Handbook – Accounting, which sets out generally accepted accounting principles for not-for-profit organizations in Canada. Significant accounting policies are summarized as follows:

(a) Fund accounting:

The Foundation follows the restricted fund method of accounting for contributions, and maintains four funds: Unrestricted and Operating, Restricted - General Designated, Restricted - Specific Designated, and Endowments.

The Unrestricted and Operating Fund reports the Foundation's general fundraising and administrative activities and represents unrestricted resources available for immediate use. The Unrestricted and Operating Fund also receives a transfer from the Restricted – General Designated Fund to recover the Foundation's operating expenses according to the Operating Agreement. Any remaining funds are transferred back to the Restricted – General Designated Fund.

The Unrestricted and Operating Fund also receives an allocation from the Restricted - Specific Designated Fund which is an allocation to the unrestricted fund intended to recover operating costs from restricted purpose gifts made on or after April 1, 2005, in accordance with the prescribed rates of the Foundation's Board of Directors' policy. The allocation to the unrestricted fund is 15% (2023 – 15%) and amounts allocated during the year were \$1,852,433 (2023 - \$841,145). The cost recovery administrative allocation to unrestricted funds ensures that donors of both Unrestricted and Restricted funds contribute to the operations of the Foundation.

UNIVERSITY HOSPITALS KINGSTON FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

2. Significant accounting policies (continued):

(a) Fund accounting (continued):

The Restricted - General Designated Fund reflects those resources arising from fundraising investing, granting and administrative activities, the purpose of which has been restricted to grants to the Kingston Healthcare Organizations for the highest priority needs. Unrealized gains or losses on investments are reported in this fund.

The Restricted - Specific Designated Fund reflects those resources arising from fundraising and investing activities, the purpose of which has been restricted to a specific program at any of the Kingston Healthcare Organizations. The externally restricted resources include the undistributed balance of the expendable portion of Endowment Fund balances.

The Endowment Fund reports the Foundation's externally restricted resources that may include a requirement that the principal be maintained. Once determined, the annual distributable amount of the Endowment Fund is transferred to the appropriate Restricted Fund, where it remains until actual distribution is made.

(b) Cash and cash equivalents:

Cash and cash equivalents consist of cash on deposit. Cash and investments meeting the definition of cash and cash equivalents that are held for investing rather than operating purposes are classified as investments.

(c) Financial instruments:

The Foundation recognizes its financial instruments when the Foundation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value with the exception of financial assets and liabilities originated and issued in all related party transactions which are initially measured at their carrying or exchange amount in accordance with Section 3840 Related Party Transactions (note 7).

The Foundation subsequently measures investments quoted in an active market at fair value. Changes in fair value are recorded in the Statement of Operations in the period incurred. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs incurred on the acquisition of financial instruments are measured at fair value and are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

UNIVERSITY HOSPITALS KINGSTON FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

2. Significant accounting policies (continued):

(d) Financial asset impairment:

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. When there is an indication of impairment, the Foundation determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Foundation reduces the carrying amount of any impaired financial assets to the highest of the present value of cash flows expected to be generated by holding the assets, the amount that could be realized by selling the assets, and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in the Statement of Operations.

The Foundation reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the Statement of Operations in the year the reversal occurs, not exceeding the initial carrying value.

(e) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the donation. Repairs and maintenance costs are charges to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Foundation's ability to provide services, its carrying amount is written down to its residual value.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

Asset	Basis	Rate
Furniture and equipment	Straight-line	5 years
Leasehold improvements	Straight-line	5 years
Telecommunications equipment	Straight-line	5 years

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairment results in a write-down of the asset and an expense in the Statement of Operations.

UNIVERSITY HOSPITALS KINGSTON FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

2. Significant accounting policies (continued):

(f) Revenue recognition:

The Foundation uses the restricted fund method of accounting for contributions. Unrestricted contributions are recognized as revenue of the Unrestricted and Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Donor-restricted contributions for specific purposes are recognized as revenue in the Restricted - General or Specific Designated Fund unless the principal is to be maintained permanently, in which case the contributions are recognized as revenue in the Endowment Fund.

Investment income, which consists of interest, dividends, income distributions from pooled funds, and realized and unrealized gains and losses net of safekeeping and investment management and other investment expenses, is recorded in the Statement of Operations. Investment income on Endowment Fund resources that must be spent on donor restricted activities is recognized in the Endowment Fund. Investment income subject to donor restrictions stipulating that it be added to the principal amount of the endowment is recognized in the Endowment Fund. Unrestricted investment income is recognized in the Restricted General Designated Fund.

Lottery revenue and revenue from special events are recognized in the fiscal year in which the program is concluded. Revenue related to lotteries for which prize draws and events take place subsequent to the year-end is deferred.

(g) Grant recognition:

Grants are recognized when approved for payment and the grantee has complied with all terms and conditions.

(h) Contributed services:

The work of the Foundation is dependent on the voluntary services of many members. Since these services are not normally purchased by the Foundation and because of the difficulty of determining fair market value, contributed services are not recognized in the financial statements.

(i) Use of estimates:

Management has made a number of estimates and assumptions relating to the reporting of assets and liabilities, the disclosure of contingent assets and liabilities, and reported amounts of revenues and expenses in preparing these financial statements in conformity with Canadian accounting standards for not-for-profit organizations. Actual results could differ from these estimates.

UNIVERSITY HOSPITALS KINGSTON FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

2. Significant accounting policies (continued):

(j) Employee benefit plan:

The employees of the Foundation are members of the Healthcare of Ontario Pension Plan (the "Plan"), which is a defined benefit multi-employer pension plan. The Foundation accounts for this Plan on a defined contribution plan basis as contributions to the benefit plan are determined by the plan administrator and are expensed when due.

The funding objective of the Plan is for the employer contributions to the Plan to remain a constant percentage of the employees' contributions. Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The Plan's 2023 Annual Report indicates that the plan is fully funded by 115%.

3. Pledges and bequests:

At March 31, 2024, the Foundation had pledges receivable amounting to approximately \$44 million (2023 - \$52.3 million). These pledges are not included in the financial statements because their ultimate collection cannot be reasonably assured. The majority of pledges outstanding are expected by March 31, 2029.

4. Government remittances:

Included in accounts receivable is HST recoverable of \$78,865 (2023 - \$66,999).

Included in accounts payable and accrued liabilities are government remittances payable of \$115 (2023 - \$57), which includes amounts payable for self-assessed HST.

UNIVERSITY HOSPITALS KINGSTON FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

5. Investments:

	2024	2023
Fixed income bonds (cost \$88,078,487 2023 - \$77,462,940)	\$ 84,712,946	\$ 72,367,724
Equities (cost \$39,301,069, 2023 - \$37,809,820)	46,874,614	40,937,090
	\$ 131,587,560	\$ 113,304,814

Investment fees in the amount of \$460,871 (2023 - \$413,104) are included in other operating expenses.

6. Capital assets:

			2024	2023
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and equipment	\$ 33,694	\$ 33,694	\$ —	\$ —
Telecommunications equipment	9,378	9,378	—	—
	\$ 65,127	\$ 65,127	\$ —	\$ —

7. Related party transactions:

During the year, the Kingston Healthcare Organization incurred certain expenses on the Foundation's behalf, including the funding of salaries, wages and other expenses for which the Kingston Healthcare Organization were reimbursed. During the year, aggregate expenses of the Kingston Healthcare Organization for salaries, wages and benefits amounted to \$1,107 (2023 - \$481,999) while other expenses were \$67,142 (2023 - \$60,072). Included in accounts payable and accrued liabilities is \$22,383 (2023 - \$14,951) payable to Kingston Healthcare Organization relating to the reimbursement of such payments.

UNIVERSITY HOSPITALS KINGSTON FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

7. Related party transactions (continued):

In addition, the Foundation has other payables and accrued liabilities to the Kingston Healthcare Organization as follows:

	2024		2023	
KHSC	\$	2,880,533	\$	191,942
PCC		333,475		34,888
	\$	3,214,008	\$	226,830

The amounts due to related parties are non-interest bearing, unsecured and have no fixed terms of repayment.

The Foundation made grants to the Kingston Healthcare Organization as follows:

	2024		2023	
KHSC	\$	6,526,528	\$	6,172,147
PCC		8,607,818		922,214
	\$	15,134,346	\$	7,094,361

Periodically, the Foundation may incur expenses with parties with which certain members of its Board of Directors (other than the hospital employees) are associated. During the year, there were no transactions involving the Foundation and these parties (2023 - \$Nil).

Unless otherwise noted, transactions between the Foundation and the Kingston Healthcare Organization are recorded at their carrying amount.

8. Fund balances:

	Unrestricted and operating	Restricted - General designated	Restricted - Specific designated	Endowments	2024	2023
KHSC	\$ -	\$30,583,504	\$57,748,375	\$13,873,065	\$102,204,944	\$88,861,209
PCC	-	3,343,941	23,966,900	4,672,596	31,983,437	35,147,997
UHKF	1,098	136,064	626,678	3,132,662	3,896,502	1,767,054
	\$ 1,098	\$34,063,509	\$82,341,953	\$21,678,323	\$138,084,883	\$125,776,260

Included in Endowments above is \$1,132,104 (2023 - \$252,365) allocated to the Stabilization Account, which is to assist in maintaining the stability of the annual spending allocations. The Stabilization Account will not exceed 15% of the value of the Endowments overall.

UNIVERSITY HOSPITALS KINGSTON FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

8. Fund balances (continued):

The University Hospitals Kingston Foundation is an independent legal entity and ownership of all funds rests solely with the Foundation. The individual healthcare organizations have an advisory role in the recommended use of the funds.

As stated in its Class B Members Operating Agreement, all costs associated with operating the Foundation are shared upon a cost sharing formula to be established annually in the Business Plan.

	2024	2023
KHSC	84.30%	84.31%
PCC	15.70%	15.69%
	100.0%	100.0%

Donations entirely directed to a specific Class B Member ("Specified") will be allocated to the Class B Member's Fund balance. The undesignated revenue ("Shared") will be allocated among the Class B Member's Fund balance in such a way as to achieve the overall distribution of revenue according to the specified ratios above.

9. Other income:

	2024	2023
Increase in cash surrender value of life insurance policies	\$ 78,392	\$ 17,900
Donations received to offset Foundation operating expenses	1,268	2,798
	\$ 79,660	\$ 20,698

The Foundation is the beneficiary of four (2023 - four) life insurance policies that have been gifted by donors. Total death benefits amount to \$1,625,000 (2023 - \$1,625,000) and will be payable to the Foundation upon the passing of the insured. Premiums paid during the year amounted to \$10,189 (2023 - \$10,189) and are included in other operating expenses.

10. Pension plan:

Contributions to the Plan made during the year by the Foundation on behalf of its employees amounted to \$213,022 (2023 - \$166,350) and are included in salaries and benefits on the Statement of Operations.

UNIVERSITY HOSPITALS KINGSTON FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

11. Commitments:

The Foundation has entered into a lease agreement for office space expiring May 31, 2029 with estimated minimum annual payments as follows:

2025	\$	120,359
2026		120,988
2027		120,988
2028		120,988
2029		120,988

Other commitments amounting to \$208,872 are expected to be paid over the next fiscal year which include commitments relating primarily to the purchase of professional services from the Kingston Health Sciences Centre in the amount of \$32,231.

The Foundation has committed \$8,315,710 in grants to qualified donees awaiting invoice from the Kingston Healthcare Organizations.

The Foundation has committed \$49,000,000 to the Kingston Health Sciences Centre and the Ministry of Health for the KHSC Phase 2 Redevelopment project of which \$40,000,000 will be provided at the time of substantial completion of this project.

The Foundation has committed \$15,000,000 to the Providence Care Centre for the Manor Redevelopment project.

12. Contingencies:

The Foundation is a member of the Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is registered as a Reciprocal pursuant to provincial Insurance Acts which permit persons to exchange with other persons reciprocal contracts of indemnity insurance. Subscribers pay annual premiums that are actuarially determined. Subscribers are subject to assessment for losses, if any, experienced by the pool for the years in which they were a subscriber. No assessments have been made to March 31, 2024.

Since its inception in 1987, HIROC has accumulated an unappropriated surplus, which is the total of premiums paid by all subscribers plus investment income less the obligation for claims reserves and expenses and operating expenses. Each subscriber which has an excess of premium plus investment income over the obligation for their allocation of claims reserves and expenses and operating expenses may be entitled to receive distributions of their share of the unappropriated surplus at the time such distributions are declared by the Board of Directors of HIROC. Distributions received from HIROC were \$1,599 (2023 - \$Nil).

UNIVERSITY HOSPITALS KINGSTON FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

13. Financial risk management:

The Foundation, as part of its operations, carries a number of financial instruments. It is management's opinion that the Foundation is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

(a) 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 foreign 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. The Foundation is exposed to other price risk as a result of its investments. Fluctuations in market prices expose the Foundation to a risk of loss. The Foundation mitigates this risk through controls to monitor and limit concentration levels. This is done in line with the Foundation's investment policies.

(b) Interest rate risk:

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. The exposure of the Foundation to interest rate risk arises from its investments.

There have been no changes in the Foundation's risk exposure from the previous year.