

**COMMUNITY FOUNDATION FOR KINGSTON & AREA
FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2023**

COMMUNITY FOUNDATION FOR KINGSTON & AREA
TABLE OF CONTENTS
AS AT DECEMBER 31, 2023

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenue and Expenditures and Fund Balances	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 16
Schedule A - Schedule of Operating Expenses	17

INDEPENDENT AUDITOR'S REPORT

To the Members

Qualified Opinion

We have audited the financial statements of Community Foundation for Kingston & Area (the Foundation), which comprise the statement of financial position as at December 31, 2023, and the statements of revenue and expenditures and fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2023, and its results of operations 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 charitable organizations, the Foundation derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether, as at and for the years ended December 31, 2023 and December 31, 2022, any adjustments might be necessary to donations revenue, excess of revenues over expenditures, assets and fund balances.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 these financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation, or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

**INDEPENDENT AUDITOR'S REPORT
(CONT'D)**

Auditor's Responsibilities for the Audit of the Financial Statements

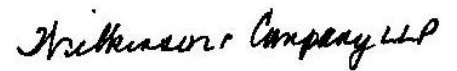
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KINGSTON, Canada
April 30, 2024




Chartered Professional Accountants
Licensed Public Accountants

WILKINSON & COMPANY LLP - CHARTERED PROFESSIONAL ACCOUNTANTS

COMMUNITY FOUNDATION FOR KINGSTON & AREA
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2023

ASSETS	Operating Fund \$	Restricted Funds for Charitable Distribution \$	Endowment Fund \$	2023 Total \$	2022 Total \$
CURRENT					
Cash - Note 3	358,598	248,129	2,579,687	3,186,414	2,904,422
HST receivable	17,444			17,444	8,845
Prepaid expenses	19,651			19,651	17,713
Investments - Note 4		11,869,595	18,871,646	30,741,241	28,440,099
Due from Restricted Funds for Charitable Distribution	278,273				
	673,966	12,117,724	21,451,333	33,964,750	31,371,079
TANGIBLE CAPITAL ASSETS - Note 5	33,228			33,228	27,691
	707,194	12,117,724	21,451,333	33,997,978	31,398,770
LIABILITIES					
CURRENT					
Accounts payable and accrued charges	32,693	11,764		44,457	34,580
Deferred revenue					55,000
Due to Operating Fund		278,273			
	32,693	290,037		44,457	89,580
TRUST FUND LIABILITY - Note 6		54,996		54,996	150,730
	32,693	345,033		99,453	240,310
NET ASSETS					
ENDOWMENT FUNDS - Note 7					
Contributed capital			21,188,097	21,188,097	20,323,057
Contributed capital (Internally restricted)			263,236	263,236	263,236
Accumulated increase in capital		3,912,853		3,912,853	2,318,399
SPEND DOWN AND FLOW THROUGH FUNDS - Note 7					
Contributed capital		7,603,243		7,603,243	7,576,657
Contributed capital (Internally restricted)		25,000		25,000	25,000
Accumulated increase in capital		231,595		231,595	33,753
OPERATING FUNDS					
Invested in capital assets	33,228			33,228	27,691
Operating fund	641,273			641,273	590,667
	674,501	11,772,691	21,451,333	33,898,525	31,158,460
	707,194	12,117,724	21,451,333	33,997,978	31,398,770

APPROVED ON BEHALF OF THE BOARD

 Director
 Director

**COMMUNITY FOUNDATION FOR KINGSTON & AREA
STATEMENT OF REVENUE AND EXPENDITURES AND FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Operating Fund		Restricted Funds for Charitable Distribution		Endowment Fund		Total	
	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$
REVENUE								
Donations	107,697	73,635	904,862	549,643	770,335	1,042,890	1,782,894	1,666,168
Fundraising events	9,300						9,300	
Investment income (loss)	192,872	(119,318)	2,974,398	(1,504,659)			3,167,270	(1,623,977)
Administration fee	416,396	404,987					416,396	404,987
Miscellaneous	66,855	10,777					66,855	10,777
	793,120	370,081	3,879,260	(955,016)	770,335	1,042,890	5,442,715	457,955
EXPENDITURES								
Administration and investment fee	2,127	2,156	455,380	442,643			457,507	444,799
Amortization of tangible capital assets - Note 5	8,270	6,292					8,270	6,292
Fundraising expenditures	13,030						13,030	
Flow through grants and directed donations - Note 8	6,003		760,160	256,411			766,163	256,411
Endowed and spend down grants and directed donations - Note 8			781,630	1,525,804			781,630	1,525,804
Transfer to University Hospitals Kingston Foundation - Note 9				24,332		163,114		187,446
Life insurance premiums - Note 10	36,230	36,475					36,230	36,475
Operating expenses - Schedule A	542,690	488,825					542,690	488,825
Sisters Community Impact Fund program expenses - Note 7			97,130	16,011			97,130	16,011
	608,350	533,748	2,094,300	2,265,201		163,114	2,702,650	2,962,063
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE) FOR YEAR	184,770	(163,667)	1,784,960	(3,220,217)	770,335	879,776	2,740,065	(2,504,108)
FUND BALANCES - BEGINNING OF YEAR	618,358	517,961	9,953,809	13,486,789	20,586,293	19,657,818	31,158,460	33,662,568
INTERFUND TRANSFERS - Note 7	(128,627)	264,064	33,922	(312,763)	94,705	48,699		
FUND BALANCES - END OF YEAR	674,501	618,358	11,772,691	9,953,809	21,451,333	20,586,293	33,898,525	31,158,460

The accompanying notes form an integral part of these financial statements

**COMMUNITY FOUNDATION FOR KINGSTON & AREA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Operating Fund \$	Restricted Funds for Charitable Distribution \$	Endowment Fund \$	2023 Total \$	2022 Total \$
OPERATING ACTIVITIES					
Excess of revenue over expenditures (expenditures over revenue) for year	184,770	1,784,960	770,335	2,740,065	(2,504,108)
Adjustment for items which do not affect cash					
Amortization of tangible capital assets	8,270			8,270	6,292
Interfund transfers	(128,627)	33,922	94,705		
	64,413	1,818,882	865,040	2,748,335	(2,497,816)
Net change in non-cash working capital balance related to operations -					
HST receivable	(8,599)			(8,599)	(990)
Prepaid expenses	(1,938)			(1,938)	(13,788)
Accounts payable and accrued charges	5,386	4,491		9,877	13,518
Deferred revenue	(55,000)			(55,000)	55,000
Due to (from) other funds	214,306	(214,306)			
Trust fund liability		(95,734)		(95,734)	(16,335)
CASH FLOWS PROVIDED FROM (USED IN) OPERATING ACTIVITIES	218,568	1,513,333	865,040	2,596,941	(2,460,411)
INVESTING ACTIVITIES					
(Increase) decrease in investments		(1,588,313)	(712,829)	(2,301,142)	2,264,582
Purchase of tangible capital assets	(13,807)			(13,807)	(13,994)
CASH FLOWS PROVIDED FROM (USED IN) INVESTING ACTIVITIES	(13,807)	(1,588,313)	(712,829)	(2,314,949)	2,250,588
INCREASE (DECREASE) IN CASH AND EQUIVALENTS FOR YEAR	204,761	(74,980)	152,211	281,992	(209,823)
CASH AND EQUIVALENTS - BEGINNING OF YEAR	166,133	310,813	2,427,476	2,904,422	3,114,245
CASH AND EQUIVALENTS - END OF YEAR	370,894	235,833	2,579,687	3,186,414	2,904,422
REPRESENTED BY:					
CASH	358,598	248,129	2,579,687	3,186,414	2,904,422

The accompanying notes form an integral part of these financial statements

**COMMUNITY FOUNDATION FOR KINGSTON & AREA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

1. ORGANIZATION AND NATURE OF FINANCIAL STATEMENTS

The Community Foundation for Kingston & Area (the "Foundation") was incorporated without share capital under the Canada Corporations Act on March 24, 1995. The Foundation pools charitable gifts, which are invested and the income earned on these funds is used to encourage community development in areas such as arts and culture, health and social services, education and environmental initiatives.

The Foundation is a registered charity and is classified as a public foundation under Subsection 149.1(1) of the *Income Tax Act (Canada)* ("the *Act*"). As such, the Foundation is exempt from income taxes and able to issue donation receipts for income tax purposes. In order to maintain its status as a public foundation registered under the *Act*, the Foundation must meet certain requirements within the *Act*. In the opinion of management, these requirements have been met.

In 2014 the Foundation applied for and received its Certificate of Continuance under the *Canada Not-for-profit Corporations Act* (Date of Continuance July 28, 2014).

2. ACCOUNTING POLICIES

Outlined below are those accounting policies adopted by the Foundation considered to be particularly significant:

(a) Basis of Accounting

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

**COMMUNITY FOUNDATION FOR KINGSTON & AREA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

2. ACCOUNTING POLICIES (Cont'd)

(b) Fund Accounting

The Foundation follows the restricted fund method for accounting for contributions. The Foundation ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for that purpose.

For financial reporting purposes, the accounts have been classified into the following funds:

The Endowment Fund reports resources that are required to be maintained by the Foundation on a permanent basis.

The Restricted Funds for Charitable Distribution reports resources that are available to be used for purposes specified by the donor and do not form part of the Endowment Fund.

Included in Restricted Funds for Charitable Distribution are Spend-Down Funds and Flow-Through Funds. Spend-Down Funds are established by the donor to function similar to an endowment in that the principal is to be retained and invested. However, the entire principal and income will be spent over a period of time as provided for in the spending policy. Flow-Through funds are not intended to be held permanently, or for the funds to be invested. The Foundation will hold the capital of the Fund until direction is received by the donor.

The Operating Fund reports resources available for the Foundation's general operating activities. These activities include fund development, grant making, community leadership projects, and philanthropic services to the community. The general costs of supporting these activities are reported as expenditures in the Operating Fund.

(c) Accounting 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include valuation of accounts receivables and investments. Actual results could differ from those estimates.

**COMMUNITY FOUNDATION FOR KINGSTON & AREA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

2. ACCOUNTING POLICIES (Cont'd)

(d) Tangible Capital Assets

Tangible capital assets are recorded at cost and amortized over their useful lives. Amortization based on the estimated useful life of the asset is calculated as follows:

Asset	Basis	Rate
Office equipment	Declining balance	20%
Computer equipment	Declining balance	30%

In the year of acquisition, amortization is calculated on capital assets at half-rates.

(e) Investments

The investments of the Foundation are recorded at market values. Investment income includes dividends, interest, realized gains (losses) and the net change in unrealized gains (losses) for the year.

(f) Revenue Recognition

The Endowment Fund recognizes revenue from donor-restricted contributions. Investment income earned on assets invested in perpetuity in accordance with endowment agreements is included in Restricted Funds for Charitable Distribution.

Restricted Funds for Charitable Distribution recognize revenue from donor contributions and investment income earned on assets held for short-term or medium terms. Flow-Through Funds and Spend-Down Funds are included in Restricted Funds for Charitable Distribution and recognize donor-restricted purposes and time horizons for distribution to qualified grantees.

The Operating Fund recognizes revenue from restricted and unrestricted donor contributions, fundraising events, sponsorships, grants, administration fees and investment income earned on assets of the Operating Fund and the Operating Endowment Fund. Donations specifically earmarked for facilitating the Foundation's operations in the short term and administrative fees charged to all endowment and funds for charitable distribution, are also reported in the Operating Fund.

Contributions are recognized as revenue when received, except where amounts are received for specific long-term projects. In these cases, contributions are deferred and recorded as revenue when the related expenditures are recorded.

Investment income includes dividend and interest income and realized and unrealized investment gains and losses.

**COMMUNITY FOUNDATION FOR KINGSTON & AREA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

2. ACCOUNTING POLICIES (Cont'd)

(g) Financial Instruments

(i) Measurement of Financial Instruments

The Foundation initially measures its financial assets and liabilities at fair value. It subsequently measures all its financial assets and financial liabilities, with the exception of investments and trust fund liabilities, at amortized cost. Investments and trust fund liabilities are measured at fair market value.

Financial assets subsequently measured at amortized cost include cash, accounts receivables and prepaid expenses. Financial liabilities measured at amortized cost include accounts payable and accrued charges.

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recorded in net income. When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the impairment amount previously recognized.

(h) Contributed services

Volunteers contribute a substantial number of hours each year to assist the Foundation in carrying out its activities. Because of the difficulty of determining the fair value, contributions of such services are not recognized in the financial statements.

(i) Foreign Currency Translation

Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date. The resulting foreign exchange gains and losses are included in income and expenses in the current period.

(j) Income Taxes

The corporation is exempt from paying income taxes, as it is a registered charity.

(k) Cash and Equivalents

Cash and equivalents consist of cash on deposit.

**COMMUNITY FOUNDATION FOR KINGSTON & AREA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

3. CASH

The Foundation holds bank accounts and money market funds at two credit unions and two investment dealers. The accounts earn interest from 0.00% to 4.19%.

The Foundation holds U.S. currency totaling CAN \$354,762 (2022 - \$155,941) with an investment dealer.

4. INVESTMENTS

Investments for the Operating Fund, Restricted Funds for Charitable Distribution and Endowment Fund are pooled and investment income is allocated to these funds on a prorated basis based on monthly market value.

The Foundation holds U.S. investments totaling CAN \$10,847,885 (2022 - \$9,326,873) with an investment dealer.

	2023 \$	2022 \$
Fixed income	12,306,336	12,269,867
Equities, mutual and segregated funds	18,434,905	16,170,232
	30,741,241	28,440,099

The fixed income investments are guaranteed investment certificates and strip bonds, with values totalling between \$69,358 to \$1,587,615. The investments mature between March 2024 and March 2029 with annual yields ranging between 0.95% and 5.10%.

5. TANGIBLE CAPITAL ASSETS

	2023		2022	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Computer equipment	19,541	7,494	14,364	3,440
Office equipment	30,750	9,569	22,120	5,353
	50,291	17,063	36,484	8,793
	33,228		27,691	

In 2023 the Foundation purchased tangible capital assets with cash totaling \$13,807 (2022 - \$13,994).

**COMMUNITY FOUNDATION FOR KINGSTON & AREA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

6. TRUST FUND LIABILITY

The Foundation has entered into various agreements to manage funds on behalf of charitable organizations.

	Year of Agreement	2023	2022
		\$	\$
Seniors Association Kingston Region	2015		99,354
Rotary Club of Kingston	2016	54,996	51,376
		54,996	150,730

7. RESTRICTED FUNDS FOR CHARITABLE DISTRIBUTION AND ENDOWMENT FUND

The Foundation has various Restricted Funds for Charitable Distribution and Endowment Fund that must be used for specific purposes and in accordance with short, medium and long-term time horizons established by the specific fund.

Internally Restricted Funds

Internally Restricted Funds are established for specific purposes and may be redesignated at any time by the Board of Directors.

The Smart and Caring Community Fund is designed to support community projects and was established in 2014 as a spend-down Restricted Fund for Charitable Distribution, meaning that the encroachment on capital is subject to the Enhanced Spending Policy. In prior years, \$25,000 was internally restricted for this purpose.

The Community Fund and the Operating Endowment Fund are considered permanent endowment funds and are reflected in the Endowment Fund balances in these financial statements. In prior years, the Foundation internally restricted bequests of \$263,236, representing \$116,118 for the Community Fund, \$141,118 for the Operating Endowment Fund and \$6,000 for the Regina Rosen Food First Endowment Fund.

**COMMUNITY FOUNDATION FOR KINGSTON & AREA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

7. RESTRICTED FUNDS FOR CHARITABLE DISTRIBUTION AND ENDOWMENT FUND
(Cont'd)

Donor Restricted Funds

Donor Restricted Funds are established by the donor for specific purposes and may not be redesignated.

In 2011, the Foundation's Board of Directors approved an annual transfer between the Operating Fund and the Operating Endowment Fund. Significant volatility in the markets had resulted in large fluctuations in investment income being earned by the Operating Endowment Fund. To stabilize the transfer of investment income to operations, the Board agreed to transfer between the Operating Endowment Fund and operations, on an annual basis, the amount equal to the difference between the income earned on the Operating Endowment Funds and the three year average rate of return multiplied by the balance of the Operating Endowment Fund at January 1 of each year. In 2023, \$147,431 was transferred to the Operating Endowment Fund (2022 - \$270,307 was transferred to the Operating Fund).

Periodically, donors of Restricted Funds for Charitable Distribution request that grant amounts be made to the Foundation's operations or to Endowment Funds held by the Foundation. During 2023, donors of Restricted Funds for Charitable Distribution requested the transfer of \$94,705 to Endowment Funds (2022 - \$41,699) and \$6,508 to the Operating Fund (2022 - \$757).

Sisters of Providence of St. Vincent de Paul

The Sisters of Providence of St. Vincent de Paul have made a \$5,000,000 transformational gift to help our Kingston community respond to two of the greatest needs among our youngest and oldest residents – to build resiliency in children and reduce loneliness and isolation among seniors.

The Sisters gifted these funds for investment in high-impact, local initiatives that will support sustainable, systems-level change in these two areas where both of our organizations see critical community needs.

The newly established "Sister of Providence of St. Vincent de Paul Community Impact Fund" will be fully expended on high-impact community initiatives and programs over the next five to 10 years. The work began with an initial gift of \$100,000 made in 2020 with the balance of \$4,900,000 being entrusted to the Foundation in 2021.

During 2023, \$97,130 (2022 - \$16,011) was spent on programs, \$12,296 on tangible capital assets (reported in the Operating Fund), and provided \$15,709 (2022 - \$500) in grants for a total of \$125,135 (2022 - \$16,511). The program will be expanded in future years in consultation with the community.

In 2023, \$12,296 (2022 - \$Nil) was transferred from the Restricted Funds for Charitable Distribution to the Operating Fund for the purchase of the tangible capital assets for the Sister of Providence of St. Vincent de Paul Community Impact Fund.

**COMMUNITY FOUNDATION FOR KINGSTON & AREA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

7. RESTRICTED FUNDS FOR CHARITABLE DISTRIBUTION AND ENDOWMENT FUND
(Cont'd)

The summary of transfers in 2023 is as follows:

	Operating Fund \$	Restricted Funds for Charitable Distribution \$	Endowment Fund \$
Transfer to Operating Endowment	(147,431)	147,431	
Flow-through to Operating Fund	6,508	(6,508)	
Transfer of funds to Endowment Fund		(94,705)	94,705
Transfer from Restricted Funds for Charitable Distribution to Operating Fund	12,296	(12,296)	
	<u>(128,627)</u>	<u>33,922</u>	<u>94,705</u>

8. GRANTS

The Foundation incurs expenditures on an annual basis in the form of grants to qualified donees. The funds received for granting purposes are derived from three sources. The first source is through investment income earned on the Foundation's endowed capital. The second source is through gifts received from donors, whereby the donor has designated that the amount of the gift, less an agreed upon administrative fee, is to be directed to an agency or agencies specified by the donor (provided that the agency is a 'qualified donee'). These are referred to as 'flow-through' grants. The third source is the capital portion of the disbursements from spend-down funds.

In 2023, the Foundation had granting expenditures from all sources totaling \$1,547,793 (2022 - \$1,782,215).

9. TRANSFER TO UNIVERSITY HOSPITALS KINGSTON FOUNDATION

In 2009, Hospice Kingston established an agency endowment fund with the Foundation with an initial term of 10 years. In 2022, Hospice Kingston integrated with Providence Care Centre. As a result, Providence Care requested the transfer of the Hospice Kingston Endowment Fund to University Hospitals Kingston Foundation, the designated trustee for Hospice Kingston's restricted charitable endowments. In 2022, the Board of the Foundation agreed to this request. As a result, during 2022, the balance of this fund (\$187,446) was transferred from endowment capital (\$163,114) and restricted fund (\$24,332) to University Hospitals Kingston Foundation.

**COMMUNITY FOUNDATION FOR KINGSTON & AREA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

10. LIFE INSURANCE POLICIES

The Foundation is the assignee and owner of eight separate life insurance policies (2022 - eight) providing for death benefits totaling \$1,695,148 (2022 - \$1,695,148).

No value related to the ownership of these policies is included in these financial statements. Annual ongoing costs of maintaining the policies are generally funded by the original donors each year, however the Foundation has ultimate responsibility for continuing payments to maintain the policies in the future. During the year, payments of \$36,230 were received from donors and paid to maintain the policies.

11. FINANCIAL RISKS AND CONCENTRATION OF RISKS

The fair values of cash, accounts receivable, prepaid expenses and accounts payable and accrued charges, are equivalent to their respective carrying values given the short term nature of the accounts.

Investments are measured at fair value on the statement of financial position as quoted by the Foundation's investment brokers.

Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

As a result of holding financial instruments, the Foundation is exposed to investment risk, market risk, and interest rate risk.

In 2015 the Foundation launched a microloan program ("First Capital Community Development Loan Program"). As a result of this program, the Foundation is exposed to some credit risk.

The following is a description of those risks and how the Foundation manages its exposure to them:

(a) Investment Risk

Risk management relates to the understanding and active management of risks associated with all areas of the business and the associated operating environment. Investments are primarily exposed to market risk, interest rate risk and currency risk.

The Foundation mitigates these risks with an investment policy designed to limit exposure and concentration while achieving optimal return within reasonable risk tolerances.

(b) Market and Interest Rate Risk

The risks associated with the investments are the risks associated with the securities in which the funds are invested. The value of equity securities, as disclosed in Note 4, changes with stock market conditions, which are affected by general economic and market conditions. The value of securities will vary with developments within the specific companies or governments which issue the securities. The value of fixed income securities, as disclosed in Note 4, will generally rise if interest rates fall and fall if interest rates rise. Changes in interest rates may also affect the value of equity securities.

**COMMUNITY FOUNDATION FOR KINGSTON & AREA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

11. FINANCIAL RISKS AND CONCENTRATION OF RISKS (Cont'd)

(c) Currency Risk

The risks associated with the investments are the risks associated with the securities in which the funds are invested. Currency risk relates to the Foundation operating in different currencies and converting non-Canadian earnings at different points in time at different foreign exchange levels when adverse changes in foreign currency exchange rates occur.

The Foundation enters into foreign currency purchase and sale transactions and has assets that are denominated in foreign currencies, as disclosed in Note 3 and 4, and thus are exposed to the financial risks of earnings fluctuations arising from changes in foreign exchange rates and the degree of volatility of these rates.

(d) Credit Risk

The risk associated with the microloan program is the risk of borrowers defaulting on loan payments that have been guaranteed by the Foundation. In the event of a loan default, the lender is entitled to claim the full amount of the outstanding loan from the Foundation. The Foundation mitigates this risk by: limiting its exposure only to the amount of funds in its First Capital Community Development Loan Program (2023 - \$74,006, 2022 - \$75,414); conducting credit checks before guaranteeing a loan; maintaining a Due Diligence Committee to review, approve and follow up with loan applicants; maintaining procedures guiding the loan approval process; and reserving the right to pursue collections on defaulted loans.

While there were no significant changes from the previous year in the policies and procedures, a new methodology for risk assessment was adopted by the Board in November 2021 and will be used to identify and manage risks moving forward.

**COMMUNITY FOUNDATION FOR KINGSTON & AREA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

12. COMMITMENTS

In January 2023, the Foundation renewed the lease agreement to lease 2,679 square feet of office space from J.S.M. Corporation (Ontario) Ltd. for \$19,845 per annum plus common costs from February 2023 to January 2025, \$22,491 from February 2025 to January 2027 and \$25,137 from February 2027 to January 2028. This lease expires on January 31, 2028. The Foundation has an option to extend this lease for 1 additional period of 5 years each. The minimum annual lease payments for the next 5 years, excluding common costs, are as follows:

	\$
2024	19,845
2025	22,271
2026	24,491
2027	24,917
2028	2,095
	93,619

The common area costs for 2023 were \$28,996 and are subject to annual adjustments under the terms of the lease agreement.

13. CAPITAL DISCLOSURE

The Foundation defines its capital as the amounts included in its fund balances.

The Foundation manages its capital in accordance with its Investment Policy.

The Foundation's objective when managing capital is to safeguard its ability to sustain itself as a going concern so that it can continue to provide the appropriate level of benefits and services to its beneficiaries and stakeholders.

A portion of the Foundation's capital is restricted in that the Foundation is required to meet certain requirements to utilize its externally and internally restricted fund balances. The Foundation has internal control procedures to ensure that the restrictions are met prior to the utilization of these resources and has been in compliance with these restrictions throughout the year.

SCHEDULE A

**COMMUNITY FOUNDATION FOR KINGSTON & AREA
SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	2023	2022
	\$	\$
Bank and credit card fees	6,500	6,429
Fundraising expenditures	1,339	91
Information technology	48,382	47,626
Insurance	4,203	4,134
Marketing	9,701	3,328
Meetings and promotions	10,370	1,632
Membership fees	11,311	8,530
Miscellaneous	1,009	
Office	15,722	15,417
Professional fees	13,903	24,611
Publication and printing	15,435	16,597
Rent	54,247	50,122
Wages, benefits and consulting fees	350,568	310,308
	542,690	488,825