

Community Living Essex County

Financial Statements

For the year ended March 31, 2020

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Independent Auditor's Report

To the Board of Directors of Community Living Essex County

Qualified Opinion

We have audited the financial statements of Community Living Essex County (the Organization), which comprise the statement of financial position as at March 31, 2020, the statements of operations and changes in 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 Organization as at March 31, 2020, and its financial performance and 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 Organization derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2020 and 2019, current assets as at March 31, 2020 and 2019, and net assets as at April 1 and March 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended March 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Essex, Ontario
June 29, 2020

Community Living Essex County

Statement of Financial Position

March 31,				2020	2019
Assets					
	General Fund	Capital Fund	Total	Total	
Current					
Cash and bank (Note 2 and 12)	\$4,344,113	\$ 3,033,514	\$ 7,377,627	\$ 7,422,045	
Grants receivable	4,218	-	4,218	4,218	
Accounts receivable	1,024,481	-	1,024,481	971,618	
Prepaid expenses	144,880	-	144,880	123,399	
Interfund receivable	-	1,702,286	1,702,286	836,641	
	<u>5,517,692</u>	<u>4,735,800</u>	<u>10,253,492</u>	<u>9,357,921</u>	
Capital assets (Note 3)	-	15,826,057	15,826,057	16,095,706	
	<u>\$5,517,692</u>	<u>\$20,561,857</u>	<u>\$26,079,549</u>	<u>\$ 25,453,627</u>	

Liabilities and Fund Balances

Current					
Accounts payable and accruals (Note 6)	\$2,994,208	\$ -	\$ 2,994,208	\$ 3,606,929	
Deferred contributions (Note 7)	829,867	-	829,867	782,360	
Current portion of long-term debt (Note 5)	-	178,696	178,696	277,433	
Interfund payable	1,702,286	-	1,702,286	836,641	
	<u>5,526,361</u>	<u>178,696</u>	<u>5,705,057</u>	<u>5,503,363</u>	
Long-term debt (Note 5 and 12)	-	2,314,379	2,314,379	2,387,593	
	<u>5,526,361</u>	<u>2,493,075</u>	<u>8,019,436</u>	<u>7,890,956</u>	
Contingent liabilities (Note 9)					
Fund balances					
Invested in capital assets	-	13,323,512	13,323,512	13,422,464	
Externally restricted (Note 8)	-	84,464	84,464	79,967	
Internally restricted (Note 8)	-	4,660,806	4,660,806	4,069,684	
Unrestricted	(8,669)	-	(8,669)	(9,444)	
	<u>(8,669)</u>	<u>18,068,782</u>	<u>18,060,113</u>	<u>17,562,671</u>	
	<u>\$5,517,692</u>	<u>\$20,561,857</u>	<u>\$26,079,549</u>	<u>\$ 25,453,627</u>	

Approved on behalf of Board of Directors:

President

Treasurer

Community Living Essex County

Statement of Operations and Changes in General Fund Balances

March 31,	2020	2019
Revenue		
Provincial subsidies (Note 10)	\$ 29,919,259	\$ 29,331,641
Fees for services	6,727,878	6,435,904
Donations and fund raising	278,805	250,985
Tax rebates and sundry	186,066	171,338
Other grants	113,802	171,447
Federal subsidies	91,692	65,596
Investment income	60,875	57,832
	37,378,377	36,484,743
Expenditures		
Salaries	25,380,458	24,337,658
Staff benefits	3,843,044	3,777,412
Purchased services	2,550,151	3,006,441
Repairs and maintenance	1,530,281	1,620,422
Pension expense (Note 11)	1,072,868	970,039
Supplies	774,593	564,015
Food	718,793	728,430
Vehicle operation	481,629	469,825
Staff travel and training	311,709	319,851
Utilities and taxes	308,474	315,244
Insurance	171,088	157,985
Rent premises and other	108,904	103,895
Advertising and fundraising expenses	97,719	85,668
Bank charges and other	14,487	12,966
Personal needs	13,404	14,304
	37,377,602	36,484,155
Excess of revenue over expenditures	775	588
Fund balance, beginning of year	(9,444)	(10,032)
Fund balance, end of year	\$ (8,669)	\$ (9,444)

Community Living Essex County

Statement of Operations and Changes in Capital Fund Balances

March 31,	2020	2019
Revenue		
Provincial subsidies (Note 10)	\$ 1,204,301	\$ 1,424,901
Capital grants	181,900	232,625
Investment income	109,754	125,143
	<u>1,495,955</u>	<u>1,782,669</u>
Expenditures		
Amortization	853,906	826,324
Interest on long-term debt	83,933	76,905
Loss on disposal of assets	61,449	10,605
	<u>999,288</u>	<u>913,834</u>
Excess of revenue over expenditures	496,667	868,835
Fund balance, beginning of year	<u>17,572,115</u>	<u>16,703,280</u>
Fund balance, end of year	<u>\$ 18,068,782</u>	<u>\$ 17,572,115</u>

Community Living Essex County

Statement of Cash Flows

For the year ended March 31,	2020		2019	
	General Fund	Capital Fund	General Fund	Capital Fund
Cash flows from operating activities				
Excess of revenue over expenditures	\$ 775	\$ 496,667	\$ 588	\$ 868,835
Add non-cash items:				
Amortization	-	853,906	-	826,324
Loss on disposal of capital assets	-	61,449	-	10,605
	<u>775</u>	<u>1,412,022</u>	<u>588</u>	<u>1,705,764</u>
Changes in non-cash working capital balances				
Accounts receivable	(52,863)	-	(271,339)	-
Prepaid expenses	(21,481)	-	37,036	-
Interfund receivable	-	(865,645)	-	(795,951)
Accounts payable and accruals	(612,721)	-	605,983	-
Deferred contributions	47,507	-	73,850	-
Interfund payable	865,645	-	795,951	-
	<u>226,087</u>	<u>(865,645)</u>	<u>1,241,481</u>	<u>(795,951)</u>
	<u>226,862</u>	<u>546,377</u>	<u>1,242,069</u>	<u>909,813</u>
Cash flows from financing and investing activities				
Mortgage principal repayments	-	(171,951)	-	(172,293)
Mortgage principal advanced	-	-	-	262,000
Purchase of capital assets	-	(726,989)	-	(1,260,512)
Proceeds on disposals	-	81,283	-	79,164
Long-term debt repayments	-	-	-	(8,495)
	<u>-</u>	<u>(817,657)</u>	<u>-</u>	<u>(1,100,136)</u>
Net increase (decrease) in cash and bank during the year	226,862	(271,280)	1,242,069	(190,323)
Cash and bank, beginning of year	<u>4,117,251</u>	<u>3,304,794</u>	<u>2,875,182</u>	<u>3,495,117</u>
Cash and bank, end of year	\$ 4,344,113	\$ 3,033,514	\$ 4,117,251	\$ 3,304,794

Community Living Essex County

Notes to Financial Statements

March 31, 2020

1. Significant accounting policies

Nature of organization Community Living Essex County is a social service organization providing support to individuals with an intellectual disability and their families who reside in Essex County. It is incorporated under the Corporations Act of Ontario as a not-for-profit organization and is a registered charity under the Income Tax Act.

Basis of accounting These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Capital assets Capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided over the assets' estimated useful lives on a straight line basis as follows:

Buildings	40 years
Vehicles	7 years
Equipment	10 years
Computer hardware	4 years
Computer software	3 years
Leaseholds	5 years

Amortization expense is reported in the Capital Fund.

Fund accounting The Organization follows the restricted fund method of accounting for contributions.

The General Fund accounts for the organization's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Capital Fund reports the assets, liabilities, revenues and expenses related to the organization's capital assets. The Capital Fund is comprised of the net amount invested in capital assets, amounts internally restricted by the Board of Directors for property maintenance and capital asset purchases, and an amount externally restricted by the Ministry of Children, Community and Social Services for capital items at two specific locations.

Community Living Essex County

Notes to Financial Statements

March 31, 2020

1. Significant accounting policies (continued)

Revenue recognition Restricted contributions related to general operations, including provincial subsidies, fees for services and capital grants, are recognized as revenue of the General or Capital Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund. Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income earned on capital fund resources is recognized as revenue of the Capital Fund. Other investment income is recognized as revenue of the General Fund when earned.

Pension plan The Organization maintains a defined contribution pension plan for qualified personnel that are non-unionized employees. Expense for this plan is equal to the company's required contribution for the year.

The Organization is a participating employer in a multi-employer pension plan for qualified personnel that are unionized employees. Expense for this plan is equal to the company's required contribution for the year.

Financial instruments Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, all investments have been designated to be in the fair value category, with gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

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Notes to Financial Statements

March 31, 2020

1. Significant accounting policies (continued)

Administrative expenses	Administrative expenses are segregated and allocated to the various programs primarily on the basis of negotiated budgets.
Contributed services	Several hundred volunteers contribute to assist Community Living Essex County in carrying out its service activities. The value of this contribution is not reflected on the financial statements.
Use of estimates	The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Cash and bank

Included in cash and bank are the following:

	<u>2020</u>	<u>2019</u>
Cash - General fund	\$ 3,562,333	\$ 3,410,766
Cash - Externally restricted fund	55,375	47,972
Cash - Trustee	726,405	658,512
	<u>\$ 4,344,113</u>	<u>\$ 4,117,250</u>
Cash - Capital fund	<u>\$ 3,033,517</u>	<u>\$ 3,304,794</u>

Cash included in the externally restricted fund are lottery and bingo accounts. The use of these funds is externally restricted by regulatory bodies. Cash in the Trustee account are monies held in trust for people supported by the organization. At year end, the trustee account owes the general account \$62,586 (2019 - \$25,167). This was repaid subsequent to the year end. The Capital fund is used to purchase assets for the Organization.

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3. Capital assets

	Cost	Accumulated Amortization	2020 Net Book Value	2019 Net Book Value
Building	\$ 16,683,678	\$ 5,528,119	\$ 11,155,559	\$ 11,206,410
Land	2,830,229	-	2,830,229	2,830,229
Vehicles	2,334,616	1,135,801	1,198,815	1,302,251
Equipment	2,070,173	1,577,109	493,064	548,356
Computer hardware	957,701	847,214	110,487	150,581
Computer software	330,092	292,189	37,903	57,879
Leaseholds	30,823	30,823	-	-
	<u>\$ 25,237,312</u>	<u>\$ 9,411,255</u>	<u>\$ 15,826,057</u>	<u>\$ 16,095,706</u>

Included in the above are the final capital costs for the following projects originally funded by the Ministry of Municipal Affairs and Housing:

	2020	2019
Property, 48 Heritage, Kingsville	\$ 519,653	\$ 519,653
Property, 647/649 Centre St., Belle River	516,195	516,195
	<u>\$ 1,035,848</u>	<u>\$ 1,035,848</u>

4. Security for bank line of credit

Libro Credit Union has a general security agreement and an assignment of business insurance to cover any overdraft in the operating accounts up to a maximum of \$250,000 (2019 - \$250,000). The full amount of the overdraft coverage was available at the year end date. The line of credit bears interest at prime plus 1.00%.

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Notes to Financial Statements

March 31, 2020

5. Long-term debt

	<u>2020</u>	<u>2019</u>
Mortgage payable - Libro Credit Union (Libro) 3.79% first mortgage, repayable in monthly instalments of \$1,959 including principal and interest due October 31, 2023. The mortgage is secured by land and building at County Road 18, Essex. The carrying value is \$584,107.	\$ 318,645	\$ 329,907
Mortgage payable - Libro 2.89% first mortgage, repayable in monthly instalments of \$3,100, including principal and interest due October 2, 2020. The mortgage is secured by the land and buildings at 1312 Deer Run Trail, Belle River. The carrying value is \$522,152.	307,235	335,146
Mortgage payable - Libro 3.54% first mortgage, repayable in monthly instalments of \$2,237, including principal and interest due June 27, 2023. The mortgage was secured by land and building at 5400 Lakeshore Road 305, Lakeshore. The carrying value is \$805,600.	296,389	312,482
Mortgage payable - Libro 3.79% first mortgage, repayable in monthly instalments of \$1,350 including principal and interest due November 23, 2023. The mortgage is secured by land and building at 160 County Road 34 East, Cottam. The carrying value is \$347,372.	253,316	259,829
Mortgage payable - Libro 3.49% (2019 - 2.99%) first mortgage, repayable in monthly instalments of \$1,718 (2019 - \$1,660) including principal and interest due June 9, 2024. The mortgage is secured by land and building at 280 Golfview, Amherstburg. The carrying value is \$405,194.	231,505	243,973
Mortgage payable - Peoples Group 3.03% first mortgage, repayable in monthly instalments of \$2,060 including principal and interest due September 1, 2023. The mortgage is secured by land and building at 647/649 Centre Street, Belle River. The carrying value is \$398,336.	185,223	204,469

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Notes to Financial Statements

March 31, 2020

5. Long-term debt (continued)	2020	2019
<p>Mortgage payable - Libro 2.89% first mortgage, repayable in monthly instalments of \$990 including principal and interest due March 31, 2022. The mortgage is secured by land and building at 795 North Talbot Rd., Kingsville. The carrying value is \$352,301.</p>	\$ 159,482	\$ 166,657
<p>Mortgage payable - Libro 2.99% (2019 - 3.00%) first mortgage, repayable in monthly instalments of \$891 (2020 - \$897) including principal and interest due February 20, 2025. The mortgage is secured by land and building at Wride Avenue, Kingsville. The carrying value is \$563,245.</p>	128,762	135,147
<p>Mortgage payable - Libro 2.89% first mortgage, repayable in monthly instalments of \$922 including principal and interest due March 31, 2022. The mortgage is secured by the land and buildings at 372 Talbot St., Essex. The carrying value is \$795,740.</p>	127,317	134,605
<p>Mortgage payable - Scotiabank 2.31% (2019 - 2.164%) first mortgage, repayable in monthly instalments of \$1,981 (2019 - \$1,974) including principal and interest due November 1, 2024. The mortgage is secured by the land and buildings at 48 Heritage Rd., Kingsville. The carrying value is \$424,150.</p>	105,530	126,255
<p>Mortgage payable - Libro 2.89% first mortgage, repayable in monthly instalments of \$699 including principal and interest due February 17, 2021. The mortgage is secured by land and building at 1693 Maplewood, Belle River. The carrying value is \$181,844.</p>	83,415	89,306
<p>Mortgage payable - Libro 2.84% first mortgage, repayable in monthly instalments of \$608 including principal and interest due March 30, 2021. The mortgage is secured by land and building at 39 McBride, Amherstburg. The carrying value is \$310,264.</p>	68,434	73,713
<p>Mortgage payable - Libro 3.79% first mortgage, repayable in monthly instalments of \$580 including principal and interest due September, 2023. The mortgage is secured by land and building at 1950 Suzanne St., Lasalle. The carrying value is \$127,550.</p>	55,056	59,844

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Notes to Financial Statements

March 31, 2020

5. Long-term debt (continued)

	<u>2020</u>	<u>2019</u>
Mortgage payable - Libro 3.99% first mortgage, repayable in monthly instalments of \$503 including principal and interest due December 4, 2023. The mortgage is secured by land and building at 286 St. Jude St., Belle River. The carrying value is \$193,100.	\$ 48,304	\$ 52,334
Mortgage payable - Libro 2.84% first mortgage, repayable in monthly instalments of \$694 including principal and interest due June 23, 2021. The mortgage is secured by land and building at 85 Gosfield Townline Rd E., Essex. The carrying value is \$230,455.	47,583	54,463
Mortgage payable - Libro 2.89% first mortgage, repayable in monthly instalments of \$383 including principal and interest due May 30, 2022. The mortgage is secured by land and building at 920 Mersea Road, Leamington. The carrying value is \$81,350.	46,953	50,143
Mortgage payable - Libro 2.89% first mortgage, repayable in monthly instalments of \$650 including principal and interest due April 1, 2022. The mortgage is secured by land and building at 335 Forest Hill, Amherstburg. The carrying value is \$227,141.	<u>29,926</u>	<u>36,753</u>
	2,493,075	2,665,026
Less: current portion of long-term debt	<u>178,696</u>	<u>277,433</u>
	<u>\$ 2,314,379</u>	<u>\$ 2,387,593</u>

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Notes to Financial Statements

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5. Long-term debt (continued)

The principal payments due within the next five years and thereafter are as follows assuming refinancing under similar terms for all mortgages held by Libro Credit Union:

2021	\$	178,696
2022		155,934
2023		160,921
2024		166,070
2025		361,920
Thereafter		<u>1,469,534</u>
	\$	<u>2,493,075</u>

6. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are net government remittances payable of \$328,985 (2019 - \$260,780).

7. Deferred contributions

	<u>2020</u>	<u>2019</u>
Individual's accounts - in trust	\$ 663,819	\$ 633,342
Other revenues and donations received in advance	<u>166,048</u>	<u>149,018</u>
	<u>\$ 829,867</u>	<u>\$ 782,360</u>

Deferred contributions represent restricted operating funding received in the current period that relates to the subsequent period.

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Notes to Financial Statements

March 31, 2020

8. Restrictions on fund balances

	<u>2020</u>	<u>2019</u>
Restricted by Ministry of Children, Community and Social Services for replacement of capital items at 48 Heritage Road, Kingsville and 647/649 Centre St., Belle River	\$ 84,464	\$ 79,967
Internally restricted for property maintenance	1,508,443	1,385,982
Internally restricted for capital asset purchases	3,100,469	2,638,376
Internally restricted for renewable energy initiative	51,894	45,326
	<u>4,660,806</u>	<u>4,069,684</u>
	<u>\$ 4,745,270</u>	<u>\$ 4,149,651</u>

9. Contingent liabilities

From time to time, the Organization may be subject to certain legal actions as part of the regular course of operations. In the opinion of management and legal counsel, the outcome of any such actions are not determinable. The Organization has insurance coverage for any applicable claims. Any potential future cost in excess of the insurance coverage available would be charged to operations in the year of resolution.

10. Economic dependence

As is customary in the industry, approximately 80% (2019 - 80%) of revenue reported in the year relates to contracts ultimately with the Ministry of Children, Community and Social Services.

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Notes to Financial Statements

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11. Pension expense

The Organization contributes to two pension plans on behalf of its employees.

The Organization contributes to a defined contribution pension plan an amount equal to 4.75% (4.5% prior to April 1, 2019) of applicable wages for non-unionized employees. The contributions to this plan during the year totaled \$198,737 (2019 - \$177,394).

Effective January 1, 2006, the Organization became a participating employer in a multi-employer pension plan for qualified personnel that are unionized employees. The Organization entered into an agreement with the Canadian Union of Public Employees and its Local 3137 whereby the Organization is required to contribute to the multi-employer pension plan an amount equal to 4.75% (4.5% prior to April 1, 2019) of applicable wages for eligible unionized employees. Under the agreement, the pension plan trustees and the union agree and acknowledge that the Organization has no obligation to provide, pay for, or contribute to the cost of the benefits established by the pension plan beyond the obligation to make contributions pursuant to the Collective Agreement and that the Organization assumes no liability whatsoever with respect to the pension plan save and except to make contributions in accordance with the Collective Agreement. The total contributions to this plan during the year totaled \$874,131 (2019 - \$792,645).

12. Fair value of financial instruments and credit risk

Liquidity risk

Liquidity risk is the risk that the Organization encounters difficulty in meeting its obligations with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value which is less than what they are worth; or may be unable to settle or recover a financial asset.

This risk is reduced due to considerable amount of cash available for use. Trade accounts payable and accrued liabilities are generally repaid within 30 days.

The Organization manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.

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. Fixed rate instruments subject the Organization to a fair value risk while variable rate instruments subject it to a cash flow risk. The Organization is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of its long-term debt.

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Notes to Financial Statements

March 31, 2020

13. Subsequent event

Subsequent to year end, the overall impact of the COVID-19 pandemic on the Canadian and global economies increased significantly. The extent of the adverse effects on the Organization's future financial and operational performance are uncertain and difficult to assess. Given the outcome and timeframe to a recovery from the COVID-19 pandemic is unpredictable, it is not practicable to estimate and disclose its financial effect on future operations at this time.
