

**Catholic Family Services of Simcoe County  
Financial Statements  
For the Year Ended December 31, 2021**

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Financial Statements  
For the Year Ended December 31, 2021**

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Tel: 705 726 6331  
Fax: 705 722 6588  
www.bdo.ca

BDO Canada LLP  
300 Lakeshore Drive  
Suite 300  
Barrie, ON L4N 0B4  
Canada

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## Independent Auditor's Report

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To the Board of Directors of Catholic Family Services of Simcoe County

### Qualified Opinion

We have audited the financial statements of Catholic Family Services of Simcoe County (the "Organization"), which comprise the statement of financial position as at December 31, 2021, and the statement of changes in net assets, statement of operations and statement of 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 effect 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 December 31, 2021, and its financial performance 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 Organization derives revenue from donations, fundraising activities and client fees, 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, donation revenue or client fees, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2021 and 2020, current assets as at December 31, 2021 and 2020, and net assets as at January 1 and December 31 for both the 2021 and 2020 years.

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 qualified audit opinion.

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

Management is responsible for the preparation and fair presentation of these 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**

Barrie, Ontario  
April 26, 2022

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## Catholic Family Services of Simcoe County Statement of Financial Position

December 31	2021	2020
<b>Assets</b>		
<b>Current</b>		
Cash (note 2)	\$ 212,134	\$ 267,006
Short term investments (note 3)	301,070	100,335
Accounts receivable (note 4)	62,464	121,519
Grants receivable	-	97,216
Prepaid expenses	66,160	42,894
	641,828	628,970
<b>Capital Assets at cost less accumulated amortization (note 5)</b>	<b>309,877</b>	<b>166,123</b>
	<b>\$ 951,705</b>	<b>\$ 795,093</b>

### Liabilities and Net Assets

<b>Current</b>		
Accounts payable and accrued liabilities (note 6)	\$ 155,014	\$ 154,089
Deferred contributions (note 7)	42,477	20,750
	197,491	174,839
<b>Deferred Contributions Related to Capital Assets (note 8)</b>	<b>137,951</b>	<b>1,014</b>
	<b>335,442</b>	<b>175,853</b>
<b>Commitments (note 9)</b>		
<b>Net Assets</b>		
Unrestricted Fund	110,666	115,463
Internally restricted funds		
Reserve Fund (note 11)	491,682	489,862
Professional Development Fund (note 11)	13,915	13,915
	616,263	619,240
	<b>\$ 951,705</b>	<b>\$ 795,093</b>

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**Catholic Family Services of Simcoe County  
Statement of Changes in Net Assets**

For the year ended December 31	Unrestricted Fund	Reserve Fund	Professional Development Fund	2021 Total	2020 Total
Balance, beginning of the year	\$ 115,463	\$ 489,862	\$ 13,915	\$ 619,240	\$ 616,445
Excess (deficiency) of revenues over expenses for the year	(4,797)	-	-	(4,797)	2,795
Interest earned on investments	-	1,820	-	1,820	-
<b>Balance, end of the year</b>	<b>\$ 110,666</b>	<b>\$ 491,682</b>	<b>\$ 13,915</b>	<b>\$ 616,263</b>	<b>\$ 619,240</b>

The accompanying notes are an integral part of these financial statements.

## Catholic Family Services of Simcoe County Statement of Operations

For the year ended December 31	2021	2020
<b>Revenue</b>		
Catholic Charities - regular contribution	\$ 730,796	\$ 680,796
Catholic Charities - special project	92,134	67,800
Wendat Community Programs	729,756	729,756
Wendat Community Programs - special project	7,500	31,694
Ministry of the Attorney General	393,210	396,293
United Way	120,667	96,804
Canada Emergency Wage Subsidy	30,099	226,448
Employment and Social Development Canada	33,893	13,083
Purchased services	518,695	431,800
Client fees	38,158	31,426
Donations and fundraising	51,458	25,444
Employee Assistance Programs	104,273	2,933
Amortization of deferred capital contributions related to capital assets (note 8)	13,063	254
Other income	11,427	40,483
	<b>2,875,129</b>	<b>2,775,014</b>
<b>Expenses</b>		
Advertising and promotion	11,149	15,349
Agency dues and fees	14,708	14,318
Amortization	50,517	34,455
Bad Debt Expense	16,350	-
Board expenses	7,178	7,450
Charitable donations (note 12)	-	20,000
Fundraising expenses	-	310
Insurance	18,694	14,818
Interest and bank charges	2,781	3,427
License fees, computer and internet expenses	66,887	50,101
Moving expenses	-	1,112
Occupancy cost	221,828	288,478
Office supplies, equipment leases and maintenance	22,326	9,488
Professional fees	62,608	87,057
Program expenses	80,328	51,078
Telephone	15,578	14,572
Training and education	11,903	7,982
Travel	891	12,891
Wages and benefits	2,276,200	2,139,333
	<b>2,879,926</b>	<b>2,772,219</b>
<b>Excess (deficiency) of revenues over expenses for the year</b>	<b>\$ (4,797)</b>	<b>\$ 2,795</b>

The accompanying notes are an integral part of these financial statements.

## Catholic Family Services of Simcoe County Statement of Cash Flows

For the year ended December 31	2021	2020
<b>Cash flows from operating activities</b>		
Excess (deficiency) of revenues over expenses for the year	\$ (4,797)	\$ 2,795
Adjustment for items not involving cash		
Amortization of capital assets	50,517	34,455
Amortization of deferred capital contributions related to capital assets	(13,063)	(254)
	32,657	36,996
Changes in non-cash working capital balances related to operations		
Accounts receivable	59,055	(23,578)
Grants receivable	97,216	(36,403)
Prepaid expenses	(23,266)	11,154
Accounts payable and accrued liabilities	925	48,285
Deferred contributions	21,727	20,750
	155,657	20,208
<b>Cash flows from investing activities</b>		
Net changes in investments	(200,735)	224,968
Interest earned on investments in the reserve fund	1,820	-
Acquisition of capital assets	(194,271)	(104,492)
Increase in deferred contributions related to capital assets	150,000	-
	(243,186)	120,476
<b>Net (decrease) increase in cash during the year</b>	<b>(54,872)</b>	<b>177,680</b>
Cash, beginning of the year	267,006	89,326
<b>Cash, end of the year</b>	<b>\$ 212,134</b>	<b>\$ 267,006</b>

The accompanying notes are an integral part of these financial statements.

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# Catholic Family Services of Simcoe County

## Notes to Financial Statements

For the year ended December 31, 2021

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### 1. Significant Accounting Policies

**Nature and Purpose of Organization** Catholic Family Services of Simcoe County (the "Organization") is a non-profit organization incorporated without share capital under the laws of the Province of Ontario. The organization provides counselling services to those who could not otherwise afford these services in Simcoe County, Ontario.

**Basis of Accounting** The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

**Revenue Recognition** The Organization follows the deferral method of accounting for contributions which includes donations and grants.

Unrestricted contributions consist of grants, donations and fundraising revenue and are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred.

Restricted net investment income is recognized as revenue in the year in which the related expenses are incurred as a direct increase in net assets. Unrestricted net investment income is recognized as revenue when earned.

Client fees and purchased services are recognized once services have been provided and collection is reasonably assured.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a declining balance rate corresponding with the amortization rate for the related capital assets.

Rental income is recorded in the period earned.

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## Catholic Family Services of Simcoe County Notes to Financial Statements

For the year ended December 31, 2021

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### 1. Significant Accounting Policies (continued)

**Tangible Capital Assets** Purchased tangible capital assets are stated at cost less accumulated amortization. Contributed tangible capital assets are recorded at fair value at the date of contribution, unless fair value is not determinable in which case contributed tangible capital assets are recorded at nominal value at the date of contribution.

Amortization based on the estimated useful life of the asset is calculated as follows:

Computer equipment	30% declining balance basis
Computer software	20% declining balance basis
Furniture and equipment	20% declining balance basis
Leasehold improvements	6-10 years straight line basis

**Impairment of Long Lived Assets** In the event that facts and circumstances indicate that the Organization's long lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write down to market value or discounted cash flow is required. The Organization considers that no circumstances exist that would require such an evaluation.

**Employee Future Benefits** The Organization participates in a multi-employer defined benefit pension plan, however, sufficient information is not available to use defined benefit accounting. Therefore, the Organization accounts for the plan as if it were a defined contribution plan, recognizing contributions as an expense in the year to which they relate.

**Income Taxes** The Organization is not subject to federal or provincial income taxes pursuant to exemptions accorded to registered charities in the income tax legislation.

**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 revenue and expenses during the reporting period. The principal estimates used in the preparation of these financial statements are the useful life of tangible capital assets and the fair value of financial instruments. Actual results could differ from management's best estimates as additional information becomes available in the future.

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## Catholic Family Services of Simcoe County Notes to Financial Statements

For the year ended December 31, 2021

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### 1. Significant Accounting Policies (continued)

**Financial Instruments** Financial Instruments are recorded at fair value at initial recognition. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any unrealised 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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### 2. Cash

The Organization's bank accounts are held at a Canadian chartered bank. The bank account earns interest at a variable rate dependent on the monthly minimum balance.

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### 3. Restricted Investments

The carrying amounts of investments are comprised of the following:

	<u>2021</u>	<u>2020</u>
RBC Redeemable GIC, interest at 0.50%, interest paid when redeemed, due January 27, 2022	\$ 100,463	\$ -
RBC Redeemable GIC, interest at 0.50%, interest paid when redeemed, due January 27, 2022	100,463	-
RBC Redeemable GIC, interest at 0.35%, interest paid when redeemed, due August 3, 2022	100,144	-
RBC Redeemable GIC, interest at 0.75%, interest paid when redeemed, due July 21, 2021	-	100,335
	<u>\$ 301,070</u>	<u>\$ 100,335</u>

Subsequent to year-end, the Organization renewed the two guaranteed investment certificates which matured January 27, 2022. The two renewed guaranteed investment certificates have a principal balance totaling \$200,000, interest rates of 0.75% each and are both maturing January 27, 2023.

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## Catholic Family Services of Simcoe County Notes to Financial Statements

For the year ended December 31, 2021

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#### 4. Accounts Receivable

	2021	2020
Accounts receivable	\$ 42,400	\$ 96,361
HST recoverable	20,064	25,158
	\$ 62,464	\$ 121,519

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#### 5. Tangible Capital Assets

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 138,477	\$ 88,616	\$ 116,250	\$ 72,010
Computer software	74,218	44,582	74,218	37,173
Furniture and equipment	89,000	59,327	74,460	53,726
Leasehold improvements	238,553	37,846	81,049	16,945
	\$ 540,248	\$ 230,371	\$ 345,977	\$ 179,854
Net book value		\$ 309,877		\$ 166,123

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#### 6. Government Remittances

Included in accounts payable and accrued liabilities are government remittances payable of \$29,211 (2020 - \$23,157).

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## Catholic Family Services of Simcoe County Notes to Financial Statements

**For the year ended December 31, 2021**

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### 7. Deferred Contributions

Deferred contributions reported in the Fund represent restricted operating funding received in the current period that is related to expenses of a subsequent period. Changes in deferred contributions balance are as follows:

	2021	2020
Beginning balance	\$ 20,750	\$ -
Contributions received	664,968	676,260
Amounts amortized to revenue	(643,241)	(655,510)
Ending balance	\$ 42,477	\$ 20,750

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### 8. Deferred Contributions Related to Capital Assets

Deferred contributions represent the unamortized portion of restricted contributions used in the purchase of certain capital assets. The amortization is recorded as revenue in the statement of operations.

	2021	2020
Balance, beginning of the year	\$ 1,014	\$ 1,268
Contributions received	150,000	-
Amounts amortized to revenue	(13,063)	(254)
Balance, end of the year	\$ 137,951	\$ 1,014

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### 9. Lease Commitments

The Organization operates from leased space in Barrie and Orillia. These leases have varying expiry dates ranging between December 31, 2023 and October 31, 2029.

The minimum annual lease payments required under the terms of these leases for the next five fiscal years are as follows:

2022	\$	210,157
2023		211,088
2024		191,401
2025		205,531
2026		213,238
	\$	1,031,415

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## Catholic Family Services of Simcoe County Notes to Financial Statements

For the year ended December 31, 2021

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### 10. Pension Plan

The Organization makes contributions to a defined benefit pension plan administered by the Colleges of Applied Arts and Technology, which is a multi-employer plan, on behalf of members of its staff. The plan specifies the amount of the retirement benefit plan to be received by the employees based on length of services and rates of pay. However, the plan was accounted for as a defined contribution plan as insufficient information was available to account for the plan as a defined benefit plan. The Organization is only one of a number of employers that participates in the plan and the financial information provided to the Organization on the basis of the contractual agreements was usually insufficient to reliably measure the Organization's proportionate share in the plan assets and liabilities on defined benefit accounting requirements. The amount contributed to the plan for 2021 was \$125,286 (2020 - \$115,300). The contributions were made for current service and were recognized as an expense.

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### 11. Internally Restricted Funds

The Reserve Fund has been established to cover approximately three months of operating expenses in the event of cash difficulties. The Board of Directors and the Executive Director have discretion over the use of these funds.

On January 20, 2015, the Board passed a motion to change the Endowment Fund to a Restricted Fund for the purpose of staff development. The former Endowment Fund had consisted of contribution from the Board. The fund was subsequently renamed the Professional Development Fund. The Board of Directors and the Executive Director have discretion over the use of these funds.

The North Simcoe Community Fund was established as a result of the disposal of the Organization's Midland location in 2014. Under the Organization's amalgamation agreement dated March 4, 2008, in the event that the property described above was sold, the net proceeds of the sale would be used for the benefit of the North Simcoe Community (Midland, Penetanguishene, Christian Island, and the Townships of Tiny and Tay). It is up to the discretion of the Board of Directors as to how much of the gain will be transferred to the general fund each year up to the maximum of total expenditures on programs in the North Simcoe Community for the year. In the current year, the net expenditures on programs within the North Simcoe Community amount to \$NIL (2020 - \$40,034). The Board of Directors approved a transfer of \$NIL (2020 - \$20,001) from the North Simcoe Community fund to the general fund for 2021. This fund was depleted in 2020 and is no longer included in the Statement of Changes in Net Assets.

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## Catholic Family Services of Simcoe County Notes to Financial Statements

For the year ended December 31, 2021

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### 12. Huronia Community Foundation Endowment Fund

A permanent charitable endowment fund has been created with the Huronia Community Foundation (the "Foundation"). During fiscal 2020, the Organization provided a gift of \$20,000 to establish this fund. The original funds provided, as well as any additional contributions, are to be held permanently and invested by the Foundation in accordance with the Financial Management Policies of the Foundation for the exclusive benefit of the Organization. The Foundation will determine the annual distributable earnings according to the Finance Management Policies of the Foundation. The Organization received a distribution of \$375 (2020 - \$NIL) in fiscal 2021, which has been included in donations and fundraising on the Statement of Operations.

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### 13. COVID-19

Due to the ongoing effects of the COVID-19 pandemic, the province of Ontario imposed closures and restrictions on many establishments in 2021. As a result, the Organization provided all of its services virtually in 2021.

During the year the Organization applied for and received pandemic specific funding and subsidies from Wendat Community Programs, United Way and the Canada Emergency Wage Subsidy (CEWS) to combat the impacts of the pandemic on the Organization's operations.

Subsequent to year end, on March 1, 2022, the province of Ontario lifted nearly all of its COVID-19 restrictions. As of February 22, 2022, the staff of the organization returned to the office full time. The Organization plans to return to offering in-person services in March or April 2022. If the effects of COVID-19 worsen, there could be further impacts on the Centre, its suppliers, employees, and funders. The Board is actively monitoring the impacts on the Organization's financial condition, liquidity, operations, suppliers and industry. At this time, the full impact of COVID-19 on the Organization is not known.

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## Catholic Family Services of Simcoe County Notes to Financial Statements

For the year ended December 31, 2021

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### 14. Financial Instruments

#### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The Organization is exposed to credit risk through its accounts and contributions receivable. The majority of the Organization's receivables are from government sources and the Organization works to ensure it meets all eligibility criteria in order to qualify to receive the funding.

The Organization is also exposed to credit risk arising from its bank accounts being held at one financial institution in excess of \$100,000, which is the amount insured by agencies of the federal government.

#### Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting its obligations associated 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. The Organization is exposed to liquidity risk through its accounts payable.

The Organization's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions. The Organization maintains a portion of its invested assets in liquid securities.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk on its fixed-interest rate financial instruments related to its investments in marketable securities. Fixed-interest instruments subject the Organization to a fair value risk.

The Organization's primary objective is to ensure the security of principal amounts invested and provide for a high degree of liquidity, while achieving a satisfactory return. Treasury risk management policies specify various investment parameters including eligible types of investment, maximum maturity dates, maximum exposure by counterparties and maximum credit ratings. The Organization mitigates interest rate risk on investments by diversifying the durations of the fixed-income investments that are held at a given time.

There have not been any changes in the Organization's risk exposure from the prior year.

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