

**New Path Foundation**  
**Financial Statements**  
For the year ended March 31, 2021

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## Independent Auditor's Report

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### To the Board of Directors of New Path Foundation

#### Qualified Opinion

We have audited the accompanying financial statements of New Path Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2021, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, 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 March 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

#### Basis for Qualified Opinion

In common with many not-for-profit organizations, the Foundation derives revenue from donations and 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 Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenues, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2021 and 2020, current assets as at March 31, 2021 and 2020, and net assets as at April 1 and March 31 for both the 2021 and 2020 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 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 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 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.

#### **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.

*BDO Canada LLP*

**Chartered Professional Accountants, Licensed Public Accountants**

Barrie, Ontario  
September 15, 2021



## New Path Foundation Statement of Financial Position

March 31	2021	2020
<b>Assets</b>		
<b>Current</b>		
Cash (note 2)	\$ 236,595	\$ 75,824
Government remittances receivable	-	191,668
Accounts receivable	82,857	112,484
Due from related party (note 7)	4,927	52,899
Prepaid expenses	18,480	10,786
Current portion of long-term receivable (note 3)	21,938	-
	<u>364,797</u>	<u>443,661</u>
Long-Term Receivable (note 3)	225,767	221,748
Capital Assets, at cost less accumulated amortization (note 4)	9,039,001	9,165,714
Trust Assets - Simcoe County Coalition Fund (note 5)	250,037	226,527
	<u>\$ 9,879,602</u>	<u>\$ 10,057,650</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 136,120	\$ 136,509
Government remittances payable	38,778	-
Loan payable to related party - current (note 7)	34,513	28,263
Deferred contributions	143,629	112,579
Current portion of long-term debt (note 6)	233,680	228,898
	<u>586,720</u>	<u>506,249</u>
Loan Payable to Related Party (note 7)	50,000	75,000
Deferred Contributions Related to Capital Assets (note 8)	1,226,145	1,264,510
Long-Term Debt (note 6)	4,563,109	4,796,789
Trust Liability - Simcoe County Coalition Fund (note 5)	250,037	226,527
<b>Commitments (note 9)</b>		
<b>Net Assets</b>		
Internally restricted reserve funds		
Richmond fund (note 10)	371,607	371,607
Thompson fund (note 10)	193,676	193,676
Unrestricted	2,638,308	2,623,292
	<u>3,203,591</u>	<u>3,188,575</u>
	<u>\$ 9,879,602</u>	<u>\$ 10,057,650</u>

On behalf of the Board:

  
 \_\_\_\_\_ Director  
 \_\_\_\_\_ Director

**New Path Foundation**  
**Statement of Changes in Net Assets**

<b>March 31</b>				<b>2021</b>	<b>2020</b>
	<b>Richmond Fund</b>	<b>Thompson Fund</b>	<b>Unrestricted</b>	<b>Total</b>	<b>Total</b>
	(note 10)	(note 10)			
<b>Balance, beginning of the year</b>	<b>\$ 371,607</b>	<b>\$ 193,676</b>	<b>\$ 2,623,292</b>	<b>\$ 3,188,575</b>	<b>\$ 3,007,047</b>
<b>Excess of revenues over expenses for the year</b>	<b>-</b>	<b>-</b>	<b>15,016</b>	<b>15,016</b>	<b>181,528</b>
<b>Balance, end of the year</b>	<b>\$ 371,607</b>	<b>\$ 193,676</b>	<b>\$ 2,638,308</b>	<b>\$ 3,203,591</b>	<b>\$ 3,188,575</b>

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

## New Path Foundation Statement of Operations

For the year ended March 31	2021	2020
<b>Revenues</b>		
Rental income and cost recoveries	\$ 1,560,505	\$ 1,703,757
Donations and fundraising	9,253	26,134
Amortization of deferred contributions related to capital assets (note 8)	84,616	82,332
Interest income	4,388	7,571
10% temporary wage subsidy (note 11)	6,104	-
	<u>1,664,866</u>	<u>1,819,794</u>
<b>Expenses</b>		
Advertising and promotion	4,737	2,808
Amortization of capital assets	267,009	259,715
Grants (note 9)	89,797	105,819
Insurance	36,820	27,644
Interest on long-term debt	190,457	174,925
Office expenses	51,981	56,035
Professional fees	75,512	129,074
Property taxes	194,937	179,636
Rental	2,072	21,875
Repairs and maintenance	283,807	275,067
Salaries and benefits	315,967	252,793
Sub-contracts	12,890	14,879
Travel expenses	4,546	4,778
Utilities	119,318	133,218
	<u>1,649,850</u>	<u>1,638,266</u>
<b>Excess of revenues over expenses for the year</b>	<u>\$ 15,016</u>	<u>\$ 181,528</u>

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

## New Path Foundation Statement of Cash Flows

For the year ended March 31	2021	2020
<b>Cash flows from operating activities</b>		
Excess of revenues over expenses for the year	\$ 15,016	\$ 181,528
Adjustment for items not involving cash		
Amortization of capital assets	267,009	259,715
Amortization of deferred contributions related to capital assets	(84,616)	(82,332)
Net change in non-cash working capital balances related to operations	197,409	358,911
Accounts receivable	29,627	34,815
Prepaid expenses	(7,694)	24,976
Accounts payable and accrued liabilities	(389)	46,173
Government remittances payable/receivable	230,446	(254,937)
Deferred contributions	31,050	(81,957)
	<u>480,449</u>	<u>127,981</u>
<b>Cash flows from investing activities</b>		
Acquisition of capital assets	(140,296)	(2,234,574)
Increase in long-term receivable	(34,679)	(221,748)
Repayment of long-term receivable	8,722	-
	<u>(166,253)</u>	<u>(2,456,322)</u>
<b>Cash flows from financing activities</b>		
Repayment of long-term debt	(228,898)	(187,247)
Proceeds from long-term debt	-	2,200,000
Net increase (decrease) in amount due to related party	29,222	(78,891)
Increase in deferred contributions related to capital assets	46,251	72,908
	<u>(153,425)</u>	<u>2,006,770</u>
<b>Net increase (decrease) in cash during the year</b>	<b>160,771</b>	<b>(321,571)</b>
<b>Cash, beginning of the year</b>	<b>75,824</b>	<b>397,395</b>
<b>Cash, end of the year</b>	<b>\$ 236,595</b>	<b>\$ 75,824</b>

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

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## New Path Foundation Notes to Financial Statements

For the year ended March 31, 2021

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### 1. Significant Accounting Policies

<b>Nature and Purpose of Organization</b>	The New Path Foundation is a non-profit organization incorporated without share capital under the laws of the Province of Ontario. The New Path Foundation develops and manages philanthropic investment and mobilizes community support to meet the mental health needs of children, youth and families in Simcoe County, Ontario.
<b>Basis of Accounting</b>	The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.
<b>Revenue Recognition</b>	<p>The New Path Foundation follows the deferral method of accounting for contributions.</p> <p>Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.</p> <p>Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized.</p> <p>Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate for the related capital asset.</p> <p>Rental income and cost recoveries are recorded in the period earned.</p>
<b>Use of Estimates</b>	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 includes the estimated useful life of 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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## New Path Foundation Notes to Financial Statements

For the year ended March 31, 2021

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### 1. Significant Accounting Policies (continued)

<b>Contributed Materials and Services</b>	<p>Contributions of materials and assets are recognized in the period they are donated at their fair market value when a fair value can be reasonably estimated and when the assets are used in the normal course of the Foundation's operations and would otherwise have been purchased.</p> <p>The Foundation is dependent on the voluntary services of many individuals. Contributed services are not recognized in the financial statements due to the inherent difficulty in valuing time of volunteers.</p>
<b>Income Taxes</b>	<p>The Foundation is not subject to federal or provincial income taxes pursuant to exemptions accorded to registered charities in the income tax legislation.</p>
<b>Financial Instruments</b>	<p>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.</p>
<b>Impairment of Long Lived Assets</b>	<p>In the event that facts and circumstances indicate that the Foundation'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 Foundation considers that no circumstances exist that would require such an evaluation.</p>

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## New Path Foundation Notes to Financial Statements

For the year ended March 31, 2021

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### 1. Significant Accounting Policies (continued)

#### Capital Assets

Purchased capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Where fair value cannot be reasonably determined, contributed assets are recorded at a nominal value.

Construction in progress is not amortized until the capital asset is substantially complete and ready for use.

Amortization is provided on capital assets based on estimated useful life of the assets as follows:

Buildings	- 2.5% straight line basis
Building improvements	- 2.5% to 5% straight line basis
Computer equipment	- 25% straight line basis
Furniture and fixtures	- 10% straight line basis
Vehicle	- 20% straight line basis

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## New Path Foundation Notes to Financial Statements

For the year ended March 31, 2021

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### 2. Cash

The Foundation's bank account is held at a chartered bank. The chartered bank account earns interest at a variable rate dependent on the monthly minimum balance.

The Foundation has an operating line of credit facility available with the Royal Bank of Canada with an authorization limit of \$100,000 and interest at the bank's prime rate plus 1.25%. The balance outstanding on this credit facility as at March 31, 2021 was \$NIL (2020 - \$NIL). See note 6 for security on all of the Royal Bank of Canada credit facilities.

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### 3. Long-Term Receivable

	2021	2020
Community Connection, interest at 3.77%, repayable in monthly payments of principal and interest of \$2,562, maturity date of October 1, 2030	\$ 247,705	\$ 221,748
Less current portion due within one year	(21,938)	-
	<u>\$ 225,767</u>	<u>\$ 221,748</u>

Scheduled principal payments for the next five fiscal years and thereafter are as follows:

2022	\$ 21,938
2023	22,765
2024	23,623
2025	24,514
2026	25,438
Thereafter	<u>129,427</u>
	<u>\$ 247,705</u>

This long-term receivable relates to Community Connection's proportionate share of leasehold expenses at the Collingwood Common Roof which were paid by the Foundation. The agreement with Community Connection commenced September 24, 2020 when all of the leasehold expenses had been incurred.

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## New Path Foundation Notes to Financial Statements

For the year ended March 31, 2021

### 4. Capital Assets

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
<b>Barrie Common Roof</b>				
Land	\$ 750,000	\$ -	\$ 750,000	\$ -
Building	1,325,009	496,878	1,325,009	463,753
Building improvements	1,091,831	700,504	1,071,215	645,913
	<u>3,166,840</u>	<u>1,197,382</u>	<u>3,146,224</u>	<u>1,109,666</u>
<b>Orillia Common Roof</b>				
Land	878,220	-	878,220	-
Building	4,420,728	1,105,182	4,420,728	994,664
Building improvements	791,009	129,309	791,009	109,534
	<u>6,089,957</u>	<u>1,234,491</u>	<u>6,089,957</u>	<u>1,104,198</u>
<b>Collingwood Common Roof</b>				
Land	1,275,000	-	1,275,000	-
Building	295,971	14,768	294,733	7,368
Building improvements	715,588	65,714	598,695	29,935
	<u>2,286,559</u>	<u>80,482</u>	<u>2,168,428</u>	<u>37,303</u>
Computer equipment	9,306	4,775	7,757	2,448
Furniture and fixtures	34,936	31,467	34,936	27,973
	<u>44,242</u>	<u>36,242</u>	<u>42,693</u>	<u>30,421</u>
	<u>\$ 11,587,598</u>	<u>\$ 2,548,597</u>	<u>\$ 11,447,302</u>	<u>\$ 2,281,588</u>
<b>Net book value</b>		<u>\$ 9,039,001</u>		<u>\$ 9,165,714</u>



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## New Path Foundation Notes to Financial Statements

For the year ended March 31, 2021

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### 5. Simcoe County Coalition Fund

Pursuant to the terms of an agreement between the Foundation and the Simcoe County Youth and Family Services Coalition, the Foundation has taken on the role of financial trustee of the Coalition and holds funds in a trust bank account for the Coalition.

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### 6. Long-Term Debt

	2021	2020
Royal Bank of Canada term loan, interest at 3.95%, repayable in monthly payments of principal and interest of \$19,273, maturity date of December 15, 2022	\$ 2,780,122	\$ 2,899,020
Royal Bank of Canada term loan, interest at 3.77%, repayable in monthly principal payments of \$9,167 plus interest, maturity date of July 31, 2024	2,016,667	2,126,667
	4,796,789	5,025,687
Less current portion due within one year	(233,680)	(228,898)
	<u>\$ 4,563,109</u>	<u>\$ 4,796,789</u>

Scheduled principal payments for the next four fiscal years are as follows:

2022	\$ 233,680
2023	2,766,442
2024	110,000
2025	1,686,667
	<u>\$ 4,796,789</u>

The mortgages are secured by a general security agreement covering all assets of the Foundation, a collateral mortgage in the amount of \$2,292,500 on the Orillia property, a collateral mortgage in the amount of \$2,200,000 on the Barrie property, a collateral mortgage in the amount of \$1,610,000 on the Collingwood property, assignment of rents at the Collingwood property and certificate of insurance evidencing fire and other perils coverage on the Collingwood property showing the Bank as the first mortgage. In addition, the mortgage is guaranteed by New Path Youth & Family Counselling Services of Simcoe County, a related party, by way of a general security agreement and guarantees and postponement of claims in the amounts of \$5,213,000 (see note 7). In addition, the Foundation must maintain a debt service coverage ratio of not less than 1.10:1 at the end of each fiscal year.

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## New Path Foundation Notes to Financial Statements

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

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### 7. Related Party Transactions

The Foundation is related to New Path Youth & Family Counselling Services of Simcoe County ("New Path Services") in that New Path Services is to receive some distributions of donations and grants by the Foundation.

The Foundation had the following transactions with New Path Services:

	2020	2019
Rental income and cost recoveries	\$ 363,130	\$ 401,015
Contribution to the Newby scholarship fund received, included in deferred contributions	-	50,000
Cost recoveries related to leasehold improvements for Collingwood Common Roof	13,762	56,481
	<u>\$ 376,892</u>	<u>\$ 507,496</u>
Funds received from New Path Services		
Grants and miscellaneous payments made to New Path Services	<u>\$ 34,583</u>	<u>\$ 47,323</u>

These transactions are in the normal course of operations and are measured at the exchange amount (the amount of consideration established and agreed to by the related entities).

At the end of the year, the amount due to/from related parties is as follows:

	2021	2020
Due from New Path Services	\$ 4,927	\$ 52,899
Loan payable to New Path Services - current	34,513	28,263
- long term	50,000	75,000
	<u>\$ 84,513</u>	<u>\$ 103,263</u>

This balance has arisen from the transactions set out above and as a result of a loan from New Path Services to the Foundation in the amount of \$250,000 that is repayable in annual installments of \$25,000. The balance is measured at the carrying amount. The loan is interest-free, except for in the event that the organization is unable to make the annual payment, interest is charged at 1%. During the year, the organization made payments on this loan of \$18,750 (2020 - \$25,000).

New Path Services has guaranteed the credit facilities of the Foundation (note 6).

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## New Path Foundation Notes to Financial Statements

For the year ended March 31, 2021

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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 of these contributions is recorded as revenue in the statement of operations.

	2021	2020
Balance, beginning of the year	\$ 1,264,510	\$ 1,273,934
Contributions received	46,251	72,908
Amounts amortized to revenue	(84,616)	(82,332)
Balance, end of the year	<u>\$ 1,226,145</u>	<u>\$ 1,264,510</u>

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### 9. Commitments

Tenants at the Barrie, Orillia and Collingwood buildings who are considered partner organizations and who have completed the minimum 10 year lease occupancy, are entitled under their lease agreement to receive an unrestricted sustainability grant (USG). This grant is calculated based on 60% of the rent paid by each tenant on dedicated space and will be directed back to the tenant beginning in the 11th year of the agreement or when the mortgage is paid, whichever comes first. The first payments of the USG became payable in fiscal 2019 for tenants of the Barrie Common Roof. As a result, USG payments totaling \$86,797 (2020 - \$86,797) were made during the year. The estimated grant to be paid annually is \$86,954. These payments will terminate at the end of the lease term, which currently extends to November, 2026 for the partners of the Barrie Common Roof. The Orillia Common Roof USG payments will become payable in 2022 and the Collingwood Common Roof USG payments will become payable in 2031.

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## New Path Foundation Notes to Financial Statements

For the year ended March 31, 2021

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### 10. Internally Restricted Reserve Funds

#### Richmond Fund

The Richmond Fund was established upon the amalgamation of the Robert Thompson Youth and Family Centre and the Richmond Youth and Family Centre (Orillia) in 2000. Upon amalgamation, property at 41 Frederick Street, Orillia, Ontario, investments and a Nevada Lottery Ticket License was transferred to the New Path Foundation. These funds are to be used at the discretion of the Board of Directors.

#### Thompson Fund

Thompson Fund was designed by the Board of Directors at the time when the Foundation changed its name from the Thompson Centre Community Foundation to New Path Foundation, following the merger of The Robert Thompson Youth and Family Centre and Richmond Youth and Family Centre. The net assets of the Thompson Centre Community Foundation were designated as the Thompson Fund of the New Path Foundation. These funds are to be used at the discretion of the Board of Directors.

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### 11. COVID-19

On March 11, 2020 the COVID-19 outbreak was declared a pandemic by the World Health Organization. On March 17, 2020 and January 14, 2021, the province of Ontario declared a state of emergency. As an essential business the Foundation continued operations and incurred additional costs to comply with government and internal policies to curb the spread of the virus. Specifically, the additional costs related to cleaning supplies and signage around the common roof buildings. Many staff also worked remotely during this time.

During the current fiscal year, the organization received \$6,104 relating to the 10% Temporary Wage Subsidy (TWS), a Federal program designed to allow eligible employers to reduce the amount of payroll deductions required to be remitted to CRA, to combat the effects of the impact of the pandemic on the Foundation's operations.

Subsequent to year end, on April 7, 2021, the province of Ontario declared another state of emergency and stay-at-home order. If the impacts of COVID-19 continue, there could be further impact on the Foundation, the tenants of the common roof buildings, its employees, suppliers and creditors. Management and the board of directors are actively monitoring the affect on its financial condition, liquidity, operations, suppliers and industry. At this time, the full financial impact of COVID-19 on the Foundation is not known.

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## New Path Foundation Notes to Financial Statements

For the year ended March 31, 2021

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### 12. 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 Foundation 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 Foundation is exposed to credit risk arising from its accounts receivable and its long-term receivable. In addition, the Foundation is exposed to credit risk from all of its bank accounts being held at one financial institution in excess of the amount insured by agencies of the federal government of \$100,000.

#### Liquidity Risk

Liquidity risk is the risk that the Foundation 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 Foundation 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. Liquidity risk arises from accounts payable and accrued liabilities, government remittances payable, long-term debt and amounts due to related party.

#### 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 Foundation is exposed to interest rate risk on its floating interest rate on the line of credit.

There has been no changes to the Foundation's financial instrument risk exposure from the prior year.

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