



Consolidated Financial Statements

British Columbia Lions Society for Children
with Disabilities

September 30, 2023

Contents

	Page
Independent Auditor's Report	1 - 2
Consolidated Statement of Operations	3
Consolidated Statement of Financial Position	4
Consolidated Statement of Change in Net Assets	5
Consolidated Statement of Cash Flows	6
Notes to the Consolidated Financial Statements	7 - 14

Independent Auditor's Report

To the Members of The British Columbia Lions Society for Children with Disabilities:

Grant Thornton LLP
Suite 1600
333 Seymour Street
Vancouver, BC
V6B 0A4
T +1 604 687 2711
F +1 604 685 6569

Report on the audit of the financial statements

Qualified opinion

We have audited the consolidated financial statements of The British Columbia Lions Society for Children with Disabilities (the "Society"), which comprise the consolidated statement of financial position as at September 30, 2023, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes to the consolidated 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Society as at September 30, 2023, and its consolidated results of operations and its consolidated 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 Society 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 Society. Therefore, we were not able to determine whether any adjustments might be necessary to donations revenue, excess of revenue over expenses, and cash flows from operations for the years ended September 30, 2023 and 2022, current assets as at September 30, 2023 and 2022, and net assets as at September 30 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended September 30, 2022 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 consolidated Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Society'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 Society or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Society'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 Society'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 consolidated 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 Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.

Report on other legal and regulatory requirements

As required by the Societies Act of British Columbia, we report that, in our opinion, these accounting principles have been applied on a basis consistent with that of the preceding year.

Grant Thornton LLP

Vancouver, Canada
November 24, 2023

Chartered Professional Accountants

British Columbia Lions Society for Children with Disabilities

Consolidated Statement of Operations

Year ended September 30

2023

2022

Revenues

Programs

Camp program and rentals	\$ 817,917	\$ 663,983
Easter Seal House	1,342,505	1,215,129
Client Services	<u>188,231</u>	<u>-</u>
	2,348,653	1,879,112
Donations from general public	932,997	1,935,332
Government grants and assistance	872,481	254,682
Special events	515,492	583,457
Investment income (loss)	259,103	(59,622)
Community gaming grants	252,960	250,000
Lions and other service clubs	<u>230,811</u>	<u>127,607</u>
	5,412,497	4,970,568

Expenses

Programs

Camps	2,331,769	1,984,803
Easter Seal House	728,992	671,736
Client Services	<u>325,405</u>	<u>379,694</u>
	3,386,166	3,036,233
Campaigns	1,334,333	563,581
Special events	214,599	248,640
Administration	601,668	642,158
Amortization of capital assets	<u>261,793</u>	<u>235,861</u>
	5,798,559	4,726,473

(Deficiency) excess of revenues over expenses

\$ (386,062)	\$ 244,095
---------------------	-------------------

British Columbia Lions Society for Children with Disabilities

Consolidated Statement of Financial Position

September 30

2023

2022

Assets

Current

Cash and cash equivalents (Note 5)	\$ 3,898,867	\$ -
Accounts receivable	433,829	428,543
Prepaid expenses	26,382	22,265
Short-term investments (Note 3)	<u>1,066,754</u>	<u>1,438,368</u>

5,425,832 1,889,176

Long-term investments (Note 3)	428,763	405,148
Capital assets (Note 4)	<u>4,139,303</u>	<u>2,952,972</u>

\$ 9,993,898 **\$ 5,247,296**

Liabilities

Current

Bank indebtedness (Note 5)	\$ -	\$ 956,958
Accounts payable and accrued liabilities (Note 6)	321,954	384,308
Current portion of long-term debt (Note 7)	150,000	150,000
Current portion of capital lease obligations (Note 8)	4,665	4,665
Deferred revenue (Note 9)	124,522	19,479
CEBA loan (Note 7)	<u>40,000</u>	<u>-</u>

641,141 1,515,410

Long-term debt (Note 7)	1,412,500	1,562,500
Long-term CEBA loan (Note 7)	-	40,000
Capital lease obligations (Note 8)	5,257	9,921
Deferred capital contributions (Note 10)	<u>7,157,477</u>	<u>956,880</u>

9,216,375 4,084,711


Net assets

Restricted for endowments (Note 11)	438,939	437,939
Unrestricted net assets	<u>338,584</u>	<u>724,646</u>

777,523 1,162,585

\$ 9,993,898 **\$ 5,247,296**

On behalf of the Board of Directors


 _____ Director
 ALAN THOMAS, CPA


 _____ Director

British Columbia Lions Society for Children with Disabilities

Consolidated Statement of Changes in Net Assets

Year ended September 30	Externally restricted for endowments	Internally restricted	Unrestricted	2023	2022
Net assets, beginning of year	\$ 437,939	\$ -	\$ 724,646	\$ 1,162,585	\$ 914,990
(Deficiency) excess of revenues over expenses	-	-	(386,062)	(386,062)	244,095
Endowment contributions	1,000	-	-	1,000	3,500
Transfers	-	1,000,000	(1,000,000)	-	-
Development costs funded with internally restricted funds	-	(1,000,000)	1,000,000	-	-
Net assets, end of year	<u>\$ 438,939</u>	<u>\$ -</u>	<u>\$ 338,584</u>	<u>\$ 777,523</u>	<u>\$ 1,162,585</u>

See accompanying notes to the consolidated financial statements.

British Columbia Lions Society for Children with Disabilities

Consolidated Statement of Cash Flows

Year ended September 30

2023

2022

Cash flows derived from (applied to)

Cash flows from operating activities

(Deficiency) excess of revenues over expenses	\$ (386,062)	\$ 244,095
Items not involving cash		
Amortization of capital assets	261,793	235,861
Write off of capital assets	351,595	-
Recognition of deferred capital contributions	(832,548)	(152,188)
Unrealized (gain) loss on investments	(75,337)	85,591
Change in non-cash operating working capital		
Accounts receivable	(5,286)	(297,004)
Prepaid expenses	(4,117)	24,015
Accounts payable and accrued liabilities	(62,354)	116,432
Deferred revenue	105,043	(51,185)
	<u>(647,273)</u>	<u>205,617</u>

Cash flows from (used in) investing activities

Investments withdrawn (purchased)	423,336	(904,118)
Capital assets acquired	(1,799,719)	(775,870)
	<u>(1,376,383)</u>	<u>(1,276,584)</u>

Cash flows from financing activities

Repayment of long-term debt	(150,000)	(150,000)
Repayment of capital lease obligations	(4,664)	(4,665)
Receipt of capital contributions	7,033,145	251,196
Endowment contributions received	1,000	3,500
	<u>6,879,481</u>	<u>100,031</u>

Increase (decrease) in cash and cash equivalents during the year

4,855,825 (970,936)

(Bank indebtedness) cash and cash equivalents, beginning of year

(956,958) 13,978

(Bank indebtedness) cash and cash equivalents, end of year

\$ 3,898,867 \$ (956,958)

British Columbia Lions Society for Children with Disabilities

Notes to the Consolidated Financial Statements

September 30, 2023

1. Nature of activities and economic dependence

The British Columbia Lions Society for Children with Disabilities (the “Society”) is a not-for-profit organization incorporated under the Societies Act (British Columbia).

The Society, together with its Affiliated Societies, provide services to persons with disabilities from the Provinces of British Columbia and Yukon. These services are funded by donations from the general public and others to the Society and its affiliates, Easter Seal House Society, 24-Hour Relay for the Kids Society, The British Columbia Lions Foundation for Children with Disabilities and the British Columbia Easter Seal Society (collectively, the “Affiliated Societies”). The Society controls the Affiliated Societies by virtue of a common Board of Directors. The Society and the Affiliated Societies are charitable organizations registered under the *Income Tax Act* and, as such, they are exempt from income and capital taxes and are able to issue donation receipts for income tax purposes.

2. Significant accounting policies

Basis of presentation

These consolidated financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the accounts of the Affiliated Societies. All significant balances and transactions among the Society and the Affiliated Societies have been eliminated on consolidation. These consolidated financial statements are prepared in accordance with the following significant accounting policies:

Revenue recognition

The Society follows the deferral method of accounting for contributions. 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. Restricted contributions and investment income are recognized as revenue in the year in which the related expenses are incurred or the restrictions have been met. Contributions externally restricted for capital assets are recognized into income over the same period as the capital assets purchased with the contributions. Endowment contributions are recognized as direct increases in net assets restricted for endowments. Unrestricted investment income is recognized as revenue when earned.

All transactions are recorded at the exchange amount, except those involving donated services and materials. Donated services and materials normally acquired for the operations of the Society are recorded at their fair value, when readily determinable, as of the date the services are provided or the materials are received. Donated services in the form of volunteer time are not recognized in these consolidated financial statements due to the difficulty in determining a fair value. During the year, the Society recorded various donated services and materials valued at \$15,158 (2022 - \$998).

Pledges receivable are recorded as revenue when the amounts to be received can be reasonably estimated and ultimate collection is reasonably assured. Included in accounts receivable at September 30, 2023 are pledges receivable of \$57,750 (2022 - \$53,200).

British Columbia Lions Society for Children with Disabilities

Notes to the Consolidated Financial Statements

September 30, 2023

2. Significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents consist of cash and highly liquid investments with terms to maturity of three months or less at the date of acquisition and amounts drawn on the Society's line of credit.

Capital assets

Capital assets are valued at cost less accumulated amortization. Amortization is provided annually on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	10-20 years
Furniture and equipment	2-20 years
Vehicles	5-8 years
Assets under capital lease	Over the life the agreement

Leases

Leases are classified as either capital or operating leases. A lease that transfers substantially all the benefits and risks incidental to the ownership of property is classified as a capital lease. All other leases are accounted for as operating leases wherein rental payments are amortized on a straight-line basis over the term of the lease to rental expense. At the inception of a capital lease, an asset and an obligation is recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of such lease.

Impairment of long-lived assets

The Society reviews, for impairment, the carrying value of capital assets to be held and used whenever events or changes in circumstances indicate that a cost incurred on an asset does not provide future service potential to the Society. If such conditions exist, an impairment loss is measured at the amount by which the carrying amount of the asset exceeds its residual value.

Allocation of expenses

Expenses have been allocated to individual programs, campaigns, lotteries, public relations and Affiliated Societies based on the specific identification of such costs.

Management allocates administrative resource costs between the general administration expense and events and programs based on the percentage of time that administrative staff spends on those events and programs. Management re-evaluates the allocation percentages on an annual basis.

Measurement uncertainty

The preparation of financial statements 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 dates of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring estimates include the determination of useful lives for amortization and, where applicable, impairment of capital assets, the estimated realizable value of accounts receivable and amounts recorded as contingent liabilities. Actual results could differ from these estimates.

British Columbia Lions Society for Children with Disabilities

Notes to the Consolidated Financial Statements

September 30, 2023

2. Significant accounting policies (continued)

Financial instruments

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and investments are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost.

Financial assets recorded at cost or amortized cost are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

3. Investments

	<u>2023</u>	<u>2022</u>
Fixed income investments, measured at fair value	\$ 690,188	\$ 886,183
Money market funds, measured at fair value	50,403	-
Equity investments, measured at fair value	<u>754,926</u>	<u>957,333</u>
	1,495,517	1,843,516
Less: short-term investments	<u>(1,066,754)</u>	<u>(1,438,368)</u>
Long-term investments	<u>\$ 428,763</u>	<u>\$ 405,148</u>

Investment income earned during the year is comprised of the following:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 177,217	\$ 39,072
Realized gain (loss)	6,549	(13,103)
Unrealized gain (loss)	<u>75,337</u>	<u>(85,591)</u>
	<u>\$ 259,103</u>	<u>\$ (59,622)</u>

British Columbia Lions Society for Children with Disabilities

Notes to the Consolidated Financial Statements

September 30, 2023

4. Capital assets			<u>2023</u>	<u>2022</u>
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>	<u>Net book value</u>
Land	\$ 822,819	\$ -	\$ 822,819	\$ 822,819
Buildings	8,646,252	7,629,609	1,016,643	1,064,752
Furniture and equipment	3,776,751	3,609,784	166,967	112,204
Assets under capital lease	24,450	17,923	6,527	11,191
Vehicles	6,000	666	5,334	-
Development in progress	2,121,013	-	2,121,013	942,006
	<u>\$ 15,397,285</u>	<u>\$ 11,257,982</u>	<u>\$ 4,139,303</u>	<u>\$ 2,952,972</u>

As of September 30, 2023, the Society has incurred \$2,121,013 (2022 - \$ 942,006) of professional, development and construction costs related to the Shawnigan Lake redevelopment project, which has been recorded as development in progress. Development in progress is not amortized until the property is placed into service, at which time the property will be transferred to its appropriate asset category and amortization will commence. During the year, \$351,595 (2022 - \$Nil) of capitalized development costs were written down to reflect obsolete costs of the project and are included in camp expenses in the statement of operations.

5. Cash and cash equivalents and bank indebtedness

	<u>2023</u>	<u>2022</u>
Line of credit	\$ -	\$ (755,000)
Bank balances, net of outstanding items	<u>3,898,867</u>	<u>(201,958)</u>
	<u>\$ 3,898,867</u>	<u>\$ (956,958)</u>

As at September 30, 2023, cash was held with Scotiabank. In November 2023, \$2,000,000 held at Scotiabank was transferred to RBC Dominion Securities and invested in bonds. This is a short-term investment of funds that will support the Shawnigan Lake Redevelopment Project.

The Society has an available bank operating line credit of \$1,500,000. As at September 30, 2023, \$Nil (2022 - \$755,000) was drawn from the operating line of credit. The operating line bears interest at the bank's prime lending rate plus 0.5%. The same security is pledged for both the operating line and non-revolving loan (Note 7).

6. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities as at September 30, 2023 are government remittances payable of \$14,849 (2022 - \$9,518) relating to payroll taxes, and workers' safety insurance premiums.

British Columbia Lions Society for Children with Disabilities

Notes to the Consolidated Financial Statements

September 30, 2023

7. Long-term debt

	<u>2023</u>	<u>2022</u>
Non-revolving loan, due November 15, 2025, payable to Bank of Nova Scotia in 60 equal monthly instalments of principal of \$12,500 plus interest at a fixed rate of 2.19%.	\$ 1,562,500	\$ 1,712,500
Current portion of long-term debt	<u>150,000</u>	<u>150,000</u>
	<u>\$ 1,412,500</u>	<u>\$ 1,562,500</u>

Easter Seals House Society is liable for the Bank of Nova Scotia loan. The loan is secured by a first fixed charge over the Vancouver Easter Seal House land and building and rents therefrom. In addition to the requirement for monthly instalments of principal and interest, a minimum of one half of the net proceeds of the sale of any unencumbered real estate of the Society is to be applied against the non-revolving loan as a permanent reduction of principal relating to the Bank of Nova Scotia loan.

The aggregate repayment of long-term debt subsequent to September 30, 2023 is as follows:

2024	\$ 150,000
2025	150,000
2026	<u>1,262,500</u>
	<u>\$ 1,562,500</u>

During 2020, the Society received a \$40,000 loan under the Canada Emergency Business Account ("CEBA") program created by the Government of Canada in response to the COVID-19 pandemic. The loan is guaranteed by Export Development Canada, is non-interest bearing, and is repayable by January 18, 2024.

8. Capital lease obligations

The Society has financed certain equipment by entering into capital leasing arrangements. Capital lease repayments are due as follows:

Year ending September 30, 2024	\$ 4,665
Year ending September 30, 2025	<u>5,257</u>
Total minimum lease payments	<u>\$ 9,922</u>

British Columbia Lions Society for Children with Disabilities

Notes to the Consolidated Financial Statements

September 30, 2023

9. Deferred revenue

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 19,479	\$ 70,664
Amounts received during the year	188,150	24,193
Amounts recognized to revenue during the year	<u>(83,107)</u>	<u>(75,378)</u>
Balance, end of year	<u>\$ 124,522</u>	<u>\$ 19,479</u>

10. Deferred capital contributions

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 956,880	\$ 857,872
Amounts received during the year	7,033,145	251,196
Amounts recognized to revenue during the year	(300,000)	-
Amortization of deferred capital contributions	<u>(532,548)</u>	<u>(152,188)</u>
Balance, end of year	<u>\$ 7,157,477</u>	<u>\$ 956,880</u>

The amount received during the year mainly pertains to \$7,000,000 of government funding contributed to support the Camp Shawnigan Project. The amount recognized into revenue during the year is comprised of \$300,000 of operating costs for the camp, \$351,595 relating to the write down of obsolete redevelopment costs, and \$180,953 related to amortization of Camp assets. The balance includes an aggregate unspent amount of \$3,856,095 (2022 - \$269,668).

11. Restrictions on net assets for endowments

All of the net assets restricted for endowment purposes are subject to externally imposed restrictions stipulating that the principal be maintained in perpetuity. All investment income earned on the assets restricted for endowment purposes is unrestricted, with the exception of the Noble Bruce William Walt Endowment which requires the annual reinvestment of 8% of income earned.

12. Restrictions on internal net assets

In October 2022, the board imposed a restriction of \$1,000,000 stipulating that the amount be used for the Shawnigan Lake Redevelopment Project. During the year, the board internally restricted funds were used in support of the Project.

British Columbia Lions Society for Children with Disabilities

Notes to the Consolidated Financial Statements

September 30, 2023

13. General support expenses

Human resources and Society operating expenses of \$1,197,468 (2022 - \$1,109,108) have been allocated per Note 2 as follows:

	Allocated percentage %	2023	2022
Administration	53	\$ 628,804	\$ 554,554
Easter Seal House	8	91,169	116,456
Client Services	7	83,552	-
Camps	33	393,943	438,098
	100	\$ 1,197,468	\$ 1,109,108

14. Remuneration of directors, employees and contractors

During the year, the Society paid total remuneration of \$870,948 (2022 - \$457,186) to eight employees, each of whom received total annual remuneration of \$75,000 or greater.

15. Financial instruments

The carrying amounts of financial assets measured at amortized cost are \$4,332,696 as at September 30, 2023 (2022 - \$1,314,726). The carrying amounts of financial assets measured at fair value are \$1,495,517 as at September 30, 2023 (2022 - \$1,843,516). The carrying amounts of financial liabilities measured at amortized cost are \$1,934,376 as at September 30, 2023 (2022 - \$3,108,352).

Liquidity risk

Liquidity risk is the risk that the Society will be unable to fulfil its obligations on a timely basis or at a reasonable cost. The Society manages its liquidity risk by monitoring its operating requirements. The Society prepares budget and cash forecasts and has a line of credit to ensure that it has sufficient funds to fulfil its obligations.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Society has investments in money market funds and equity investments which are subject to risks arising from changes in market conditions.

Currency risk

Currency risk arises on financial instruments that are denominated in a foreign currency. The Society has investments in international bonds and equity funds which are indirectly subject to risks arising from changes in foreign currency rates related to the underlying securities.

British Columbia Lions Society for Children with Disabilities

Notes to the Consolidated Financial Statements

September 30, 2023

15. Financial instruments (continued)

Interest rate risk

The Society is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate instruments subject the Society to a fair value risk while the floating rate instruments subject it to a cash flow risk. The Society is exposed to cash flow risk as a result of investments in bonds, money market funds and its line of credit. The risk associated with investments is managed through the Society established Investment Policy. The fixed rate long-term debt exposes the Society to a fair value risk, since fair value fluctuates inversely to changes in the market interest rates.

Credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in financial loss. The Society is exposed to credit risk with respect to the accounts receivable and its investments. The Society assesses, on a continuous basis, accounts receivable and provides an allowance for any amounts that are not collectable.
