

**FINANCIAL STATEMENTS**  
**For**  
**BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE**  
**For the year ended**  
**DECEMBER 31, 2018**

## INDEPENDENT AUDITOR'S REPORT

To the Council of the Corporation of the

**CITY OF TORONTO AND  
THE BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE**

*Opinion*

We have audited the accompanying financial statements of the Board of Management for Scadding Court Community Centre (the Centre), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Centre as at December 31, 2018 and results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards for government not-for-profit organizations.

*Basis for Opinion*

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 Centre in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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 audit 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 public sector accounting standards for government 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 Centre'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 Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centre'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 Centre'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 Centre'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 Centre 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.



Chartered Professional Accountants  
Licensed Public Accountants

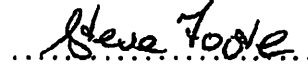
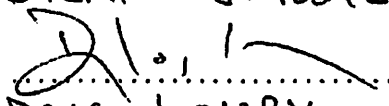
Toronto, Ontario  
April 16, 2019.

**Welch LLP**

**BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2018**

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 15,912	\$ 37,543
Due from City of Toronto - operating deficit (note 3)	19,378	561
Due from City of Toronto - vacation payable	51,116	28,459
Due from Scadding Court Community Centre, Inc. (note 7)	9,278	532
Accounts receivable	<u>4,952</u>	<u>9,345</u>
	100,636	76,440
<b>DUE FROM CITY OF TORONTO (note 5)</b>	533,456	514,947
<b>CAPITAL ASSETS (note 4)</b>	<u>5,342</u>	<u>10,683</u>
	<u>\$ 639,434</u>	<u>\$ 602,070</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 48,881	\$ 45,868
Due to City of Toronto	639	193
Due to Scadding Court Community Centre, Inc. (note 7)	-	1,920
Vacation payable	<u>51,116</u>	<u>28,459</u>
	100,636	76,440
<b>DEFERRED CAPITAL CONTRIBUTIONS (note 6)</b>	5,342	10,683
<b>POST-EMPLOYMENT BENEFITS PAYABLE (note 5)</b>	<u>533,456</u>	<u>514,947</u>
	<u>639,434</u>	<u>602,070</u>
<b>NET ASSETS</b>	<u>-</u>	<u>-</u>
	<u>\$ 639,434</u>	<u>\$ 602,070</u>

Approved by the Board:

  
 ..... Chair  
 STEPHEN G. FOOTE  
  
 ..... Treasurer  
 DOUG LOWRY

(See accompanying notes)

**BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE**  
**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2018**

	<u>2018</u>	<u>2017</u>
<b>Revenue</b>		
City of Toronto funding		
Administration (note 3)	\$ 963,439	\$ 932,961
Post-employment benefits (note 5)	18,509	4,690
Special project (note 3)	-	29,894
Amortization of deferred capital contributions (note 6)	<u>5,341</u>	<u>2,790</u>
	<u>987,289</u>	<u>970,335</u>
<b>Expenses</b>		
Salaries and wages	716,840	676,386
Employee benefits	195,815	193,590
Materials and supplies	17,610	24,780
Purchase of services	33,174	38,205
Post-employment benefits (note 5)	18,509	4,690
Amortization of capital assets	5,341	2,790
Special project expenses	-	29,894
	<u>987,289</u>	<u>970,335</u>
<b>Net revenue over expenses and net assets, beginning and end of year</b>	<u>\$ -</u>	<u>\$ -</u>

(See accompanying notes)

**BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED DECEMBER 31, 2018**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		
Net revenue over expenses	\$ -	\$ -
Adjustments for:		
Amortization of capital assets	5,341	2,790
Amortization of deferred capital contributions	<u>(5,341)</u>	<u>(2,790)</u>
	-	-
Increase (decrease) resulting from changes in:		
Due from City of Toronto - operating deficit	(18,817)	17,071
Due from City of Toronto - vacation payable	(22,657)	(7,937)
Due from Scadding Court Community Centre, Inc.	(8,746)	(250)
Accounts receivable	4,393	2,398
Prepaid expenses	-	3,533
Long-term receivable due from City of Toronto	(18,509)	(4,689)
Accounts payable and accrued liabilities	3,013	19,358
Due to City of Toronto	446	(11,331)
Due to Scadding Court Community Centre, Inc.	(1,920)	1,442
Vacation payable	22,657	7,937
Post-employment benefits payable	<u>18,509</u>	<u>4,690</u>
	<u>(21,631)</u>	<u>32,222</u>
 <b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Purchase of capital assets	<u>-</u>	<u>(12,820)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Deferred capital contributions	<u>-</u>	<u>12,820</u>
 <b>INCREASE (DECREASE) IN CASH</b>	<b>(21,631)</b>	<b>32,222</b>
 <b>CASH, BEGINNING OF YEAR</b>	<u>37,543</u>	<u>5,321</u>
 <b>CASH, END OF YEAR</b>	<u>\$ 15,912</u>	<u>\$ 37,543</u>

(See accompanying notes)

**BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2018**

**1. NATURE OF OPERATIONS**

The City of Toronto Act, 1997 continued the provisions of By-law No. 1995 - 0448 dated June 26, 1995 to reflect Chapter 25, Community and Recreation Centres of the Corporation of the City of Toronto Municipal Code. Chapter 25 amended all previous by-laws and established part of the premises at 707 Dundas Street West, Toronto, as a community recreation centre under the Community Recreation Centres Act, known as Scadding Court Community Centre (the "Centre"). The Centre is a not-for-profit organization and, as such, is exempt from income tax.

The Municipal Code provides for a Council appointed Committee which, among other matters, shall:

- (a) endeavour to manage and control the premises in a reasonable and efficient manner, in accordance with standard good business practices, and
- (b) pay to the City of Toronto (the "City") any excess of administration expenditure funds provided by the City in accordance with its approved annual budget.

The Municipal Code required that the audited annual financial statements be submitted by the Board of Management for the Centre to the City covering the management and control of the premises by the Board. These financial statements reflect the operations of the Centre relating to administration expenditures funded by the City of Toronto. Effective January 1, 2002, separate financial records were established for Scadding Court Community Centre, Inc., a registered charitable organization, and separate financial statements are prepared for programs. Details are provided at note 7.

**2. SIGNIFICANT ACCOUNTING POLICIES**

*Basis of accounting*

These financial statements have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations ("PSA-GNPO") as issued by the Public Sector Accounting Board ("PSAB").

*Revenue recognition*

The Centre follows the deferral method of accounting for contributions. 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 are deferred and recognized as revenue in the year in which the related expenses are recognized. Externally restricted contributions for depreciable capital assets are deferred and amortized over the life of the related capital assets. Externally restricted contributions for capital assets that have not been expended are recorded as part of deferred capital contributions on the statement of financial position.

*Financial instruments*

The Centre initially measures its financial assets and financial liabilities at fair value.

The Centre subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

**BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE**

**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**

**YEAR ENDED DECEMBER 31, 2018**

**2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.**

*Capital assets*

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

Furniture and equipment	5 years
Computer equipment	3 years

*Employee related costs*

The Centre has adopted the following policies with respect to employee benefit plans:

- (a) The City of Toronto offers a multi-employer defined benefit pension plan to the Centre's employees. Due to the nature of the plan, the Centre does not have sufficient information to account for the plan as a defined benefit plan; therefore, the multi-employer defined benefit pension plan is accounted for in the same manner as a defined contribution plan. An expense is recorded in the period in which contributions are made.
- (b) The Centre also offers its employees a defined benefit sick leave plan, a post-retirement life, health and dental plan, a long-term disability plan and continuation of health, dental and life insurance benefits to disabled employees. The accrued benefit obligations are determined using an actuarial valuation based on the projected benefit method prorated on service, incorporating management's best estimate of future salary levels, inflation, sick day usage estimates, ages of employees and other actuarial factors.

Net actuarial gains and losses that arise are amortized over the expected average remaining service life of the employee group.

The Centre recognizes an accrued post-employment benefits liability on the statement of financial position, which is the net of the amount of the accrued benefit obligations and the unamortized actuarial gains/losses.

*Use of estimates*

The preparation of financial statements in conformity with PSA-GNPO 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. Management makes accounting estimates when determining the useful life of its capital assets, significant accrued liabilities, the post-employment benefits liabilities and the related costs charged to the statement of operations. Actual results could differ from those estimates, the impact of which would be recorded in future periods.



**BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE**

**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**

**YEAR ENDED DECEMBER 31, 2018**

**3. FUNDS PROVIDED BY THE CITY OF TORONTO - ADMINISTRATION**

Funding for administration expenses are provided by the City according to Council approved budgets. Surplus amounts in administration are repayable to the City. Deficits, excluding those for long-term employee benefits, are normally to be funded by the Centre unless Council approval has been obtained for additional funding.

	2018 <u>Budget</u> (unaudited)	2018	2017
<b>Administration expenses:</b>			
Salaries and wages	\$ 685,770	\$ 716,840	\$ 676,386
Employee benefits	183,900	195,815	193,590
Materials and supplies	36,490	17,610	24,780
Purchase of services	37,901	33,174	38,205
Post-employment benefits	-	18,509	4,690
	<u>\$ 944,061</u>	<u>\$ 981,948</u>	<u>\$ 937,651</u>
<b>Centre's actual administration revenue:</b>			
Administration budget		\$ 944,061	\$ 937,859
Special project funding		-	29,894
		<u>944,061</u>	<u>967,753</u>
<b>Centre's actual administration expenses:</b>			
Administration expenses		987,289	970,335
Adjustments for:			
Post retirement benefits, not funded by the City until paid, that is included in long-term receivable - City of Toronto		(18,509)	(4,690)
Acquisition of capital assets			12,820
Amortization of capital assets funded by deferred capital contribution		(5,341)	(2,790)
Vacation pay liability, not funded by the City until paid, that are included in due from City of Toronto - vacation payable		-	(7,937)
		<u>963,439</u>	<u>967,738</u>
Administration expenses over (under) approved budget		<u>\$ 19,378</u>	<u>\$ (15)</u>

The over expenditure of \$19,378 (2017 - under expenditure of \$15) is included in due to City of Toronto.

**BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE**

**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**

**YEAR ENDED DECEMBER 31, 2018**

**4. CAPITAL ASSETS**

Capital assets consist of the following:

	<u>2018</u>		<u>2017</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Furniture and equipment	\$ 23,739	\$ 23,739	\$ 23,739	\$ 23,739
Computer equipment	<u>12,820</u>	<u>7,478</u>	<u>12,820</u>	<u>2,137</u>
	36,559	<u>\$ 31,217</u>	36,559	<u>\$ 25,876</u>
Less: accumulated amortization	<u>31,217</u>		<u>25,876</u>	
	<u>\$ 5,342</u>		<u>\$ 10,683</u>	

**5. POST-EMPLOYMENT BENEFITS AND LONG-TERM ACCOUNTS RECEIVABLE**

The Centre participates in a number of defined benefit plans provided by the City including pension, other retirement and post-employment benefits to its employees. Under the sick leave plan for management staff with ten years of service as of July 1, 2008, unused sick leave accumulates and eligible retirees are entitled to a cash payment when they leave the Centre's employment. The liability for these accumulated days represents the extent to which they have vested and can be taken in cash by an employee upon termination, retirement or death. This sick bank plan was replaced by a Short-Term Disability Plan (STD) effective March 1, 2008, for all non-union employees of the City of Toronto. Upon the effective date, individual sick banks were locked with no further accumulation. Grandfathered management staff remains entitled to payout of frozen, banked time, as described above. Under the new STD plan, management employees are entitled to 130 days annual coverage with salary protection at 100 or 75 percent, depending upon years of service. Non-management employees continue to receive sick bank time as stipulated in the applicable Collective Agreement, which specifies no financial conversion of unused sick leave.

The Centre also provides health, dental, accidental death and disability, life insurance and long-term disability benefits to eligible employees. Depending upon length of service and an individual's election, management retirees are covered either by the former City of Toronto retirement benefit plan or by the current retirement benefit plan.

Due to the complexities in valuing the benefit plans, actuarial valuations are conducted on a periodic basis. The most recent actuarial valuation was completed as at December 31, 2018 with projections to December 31, 2019, 2020 and 2021. Assumptions used to project the accrued benefit obligation were as follows:

- long-term inflation rate - 2.0%
- assumed health care cost trends- range from 3.0% to 5.5%
- rate of compensation increase - 3.0% to 3.5%
- discount rates- post-retirement 3.4%, post-employment 3.1%, sick leave 3.2%

**BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE**

**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**

**YEAR ENDED DECEMBER 31, 2018**

**5. POST-EMPLOYMENT BENEFITS AND LONG-TERM ACCOUNTS RECEIVABLE - Cont'd.**

Information about the Centre's employee benefits, other than the multi-employer, defined benefit pension plan noted below, is as follows:

	<u>2018</u>	<u>2017</u>
Post-retirement benefits	\$ 230,388	\$ 380,866
Continuation of benefits to disabled employees	-	99,102
Income benefits	-	120,022
Sick leave benefits	<u>69,520</u>	<u>58,404</u>
	299,908	658,394
Add: Unamortized actuarial gain (loss)	<u>233,548</u>	<u>(143,447)</u>
Post-employment benefit liability	<u>\$ 533,456</u>	<u>\$ 514,947</u>

The continuity of the accrued benefit obligation is as follows:

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 514,947	\$ 510,257
Current service cost	17,360	13,747
Interest cost	19,861	19,426
Plan amendment	5,982	(5,807)
Amortization of actuarial gain	29,250	31,274
Expected benefits paid	<u>(53,944)</u>	<u>(53,950)</u>
Balance, end of year	<u>\$ 533,456</u>	<u>\$ 514,947</u>

A long-term receivable of \$533,456 (2017 - \$514,947) has resulted from the recording of sick leave and post-retirement benefits. Funding for these costs continues to be provided by the City as benefit costs are paid and the City continues to be responsible for the benefit liabilities of administration staff that may be incurred by the Centre.

The Centre also makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of most of its employees. The Plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employer contributions to this pension plan amounted to \$73,364 (2017 - \$68,175).

The most recent actuarial valuation of the OMERS Plan as at December 31, 2018 indicates the Plan is in a deficit position and the Plan's December 31, 2018 financial statements indicate a net deficit of \$2.790 billion (a deficit of \$4.191 billion net against unrecognized investment returns of \$1.401 billion that will be recognized over the next four years). The Plan's management is monitoring the adequacy of the contributions to ensure that future contributions together with the Plan assets and future investment earnings will be sufficient to provide for all future benefits. At this time, the Centre's contributions accounted for 0.0037% of the Plan's total employer contributions. Additional contributions, if any, required to address the Centre's proportionate share of the deficit will be expensed during the period incurred.

**BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE**

**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**

**YEAR ENDED DECEMBER 31, 2018**

**6. DEFERRED CAPITAL CONTRIBUTIONS**

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 10,683	\$ 653
Add: contributions received	-	12,820
Less: amortization of deferred capital contributions	<u>(5,341)</u>	<u>(2,790)</u>
Balance, end of year	<u>\$ 5,342</u>	<u>\$ 10,683</u>

**7. CONTROLLED NOT-FOR-PROFIT**

The Centre controls Scadding Court Community Centre, Inc. (the "Charity"), a charitable organization. The Charity runs the Centre's programs. The Charity is incorporated without share capital under the name Scadding Court Community Centre, Inc. and is a registered charity under the Income Tax Act. The Centre provides all administrative resources to the Charity and the Charity operates to assist the Centre in achieving its mandates.

The Charity has not been consolidated in the Centre's financial statements. Financial summaries of the Charity as at December 31, 2018 and 2017 and for the years then ended are as follows:

Statement of Financial Position

	<u>2018</u>	<u>2017</u>
Total assets	<u>\$ 2,560,261</u>	<u>\$ 1,752,466</u>
Total liabilities	\$ 1,229,429	\$ 542,604
Total net assets	<u>1,330,832</u>	<u>1,209,862</u>
	<u>\$ 2,560,261</u>	<u>\$ 1,752,466</u>

Statement of Operations

	<u>2018</u>	<u>2017</u>
Total revenues	\$ 1,768,034	\$ 1,444,221
Total expenses	<u>1,766,308</u>	<u>1,443,104</u>
Excess revenue over expenses	<u>\$ 1,726</u>	<u>\$ 1,117</u>

Statement Cash Flows

	<u>2018</u>	<u>2017</u>
Cash from (used in) operations	\$ 859,221	\$ (31,290)
Cash from investing activities	<u>117,488</u>	<u>145,625</u>
Increase in cash	<u>\$ 976,709</u>	<u>\$ 114,335</u>

At December 31, 2018 \$nil (2017 - \$1,920) was owed by the Centre to the Charity and \$9,278 (2017 - \$532) was owed from the Charity to the Centre.

**BOARD OF MANAGEMENT FOR SCADDING COURT COMMUNITY CENTRE**

**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**

**YEAR ENDED DECEMBER 31, 2018**

**8. FINANCIAL INSTRUMENTS**

The Centre is exposed to and manages various financial risks resulting from operations. The Centre's main financial risk management policies are as follows:

*Credit risk*

The Centre is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Centre's maximum exposure to credit risk represents the sum of the carrying value of its cash and amounts receivable. The Centre's cash is deposited with a Canadian chartered bank and as a result management believes the risk of loss on this item to be remote. Management believes that the Centre's credit risk with respect to amounts receivable is limited. The Centre manages its credit risk by reviewing accounts receivable aging and following up on outstanding amounts.

*Liquidity risk*

Liquidity is the risk that the Centre cannot meet a demand for cash or fund its financial obligations as they become due. The centre's financial liabilities are comprised of accounts payable and accrued liabilities. The Centre manages liquidity risk by monitoring its cash flow requirements on a regular basis. The Centre believes its overall liquidity risk to be minimal as the Centre's financial assets are considered to be highly liquid.

*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. Market risk is comprised of currency risk, interest risk and other price risk.

i) *Currency risk*

Currency risk is the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. The Centre's financial instruments are denominated in Canadian dollars and it transacts primarily in Canadian dollars. As a result, management does not believe it is exposed to significant currency risk.

ii) *Interest rate risk*

Interest rate risk is the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. Management does not believe it is exposed to interest rate risk.

iii) *Other price risk*

Other price risk is the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market prices (other than those arising from currency risk or interest rate risk), whether these changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market. Management does not believe the Centre is exposed to other price risk.

*Changes in risk*

There have been no significant changes in the Centre's risk exposures from the prior year.